



Make war - not love
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Top-shelf merchant
People realise their wives don't mind about our girls. They might even have a look themselves

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Tony Blair appoints cabinet members after Labour crushes Tories in election

New UK premier pledges to govern for all the nation

By Robert Peston,
Political Editor in London

Mr Tony Blair, the new UK prime minister, still savouring his landslide victory in Thursday's national elections, told enthusiastic supporters in Downing Street that he would "govern in the interests of all of our people, the whole nation".

Labour won an overall majority of 179, by far the biggest it has ever enjoyed, and celebrated a return to power after 18 years of Conservative rule.

Mr John Major, the outgoing prime minister, led the Conservatives to their worst defeat since 1906. The Liberal Democrats' tally of 46 seats was the best performance by a third party since 1929.

Labour and the Liberal Democrats together won 62 per cent of the vote - an overwhelming mandate for the policies they held in common, notably decentralisation of governing powers for Scotland and Wales and the abolition of hereditary peers' right to vote in the House of Lords.

Following a traditional hand-over of power, Mr Major offered his resignation to the Queen at 11.30am. "It has been an immense and very precious privilege to serve as Prime Minister of the United Kingdom over the past six and a half years," he said.

"I can say with some accuracy that the country is in far better

The final count

	No of seats	% of vote*
Labour	419	45
Conservative	165	31
Lib Dem	46	17
Others including SNP	29	7
Plaid Cymru	6	22**
	4	10***

* Total votes cast 31.5m
** of votes cast in Scotland
*** of votes cast in Wales

shape than it was when I entered Downing Street." Mr Major confirmed that he had no intention of leading the Tories in opposition and would be quitting after "a reasonably brief interregnum". An adviser said he hoped the leadership contest would take place at the end of June.

Only the former chancellor (finance minister), Mr Kenneth Clarke, has confirmed that he would be a candidate. However, the two favourites for the post are Mr William Hague, the youthful former Welsh secretary, and Mr Michael Howard, the ex-home secretary.

In a sign of Mr Blair's desire to break the mould of traditional appointments, he is already negotiating with Sir David Simon, chairman of British Petroleum, with a view to giving him a leading role in shaping Labour's European Union policy.

The new prime minister is understood to have offered Sir David the position of minister for Europe and a seat in the House of

Lords. The discussions indicate that Mr Blair is intent on taking a constructive approach to EU negotiations. Sir David is an enthusiastic supporter of the EU and European monetary union.

Mr Blair also made the first senior appointments to his cabinet. An early reform of the structure of government is the appointment of Mr John Prescott as deputy prime minister with overall responsibility for a so-called super-ministry consisting of the transport and environment departments.

Mr Frank Dobson and Mr Michael Meacher are expected to serve under him, each as a minister of state rather than a member of the cabinet.

Mr Gordon Brown became Chancellor of the Exchequer. When he arrived at the Treasury just after 5pm, the central staircase was lined with a couple of hundred officials who greeted him with prolonged applause.

"He got a pop star welcome, with people shaking his hands and kissing him," said one. "It was a bit like a street party."

Mr Robin Cook is foreign secretary. Mr David Blunkett is secretary of state for education and employment. Mr Jack Straw is home secretary. Lord Irvine is Lord Chancellor and Mrs Margaret Beckett is trade and industry secretary.

Election round-up, Pages 4-7; Lex, Page 24



Pride and joy: Tony and Cherie Blair at Downing Street



Stack 'em high
You only look like a fashion victim in wedges if you can't walk in them



Surinam survival
The colony, then known as Dutch Guiana, was evidently not for wimps

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Paradox at the heart of landslide win

By John Gapper
in London

Mr Tony Blair, the UK's new prime minister, had a few words of reassurance for those who suspected that his "New Labour" party had merely been a ruse.

Standing outside 10 Downing Street, the prime minister's office and residence, surrounded by Labour party workers and children waving flags, he yesterday said: "We ran for office as New Labour, we will govern as New Labour."

Mr Blair, the UK's youngest prime minister this century, added: "This is not a mandate for dogma or for doctrine, or for a return to the past."

His words illustrated the paradox that by crushing the Conservatives in the election - and ending their 18-year run in government - he has both repudiated and ensured the preservation of the legacy of Baroness Thatcher, former Conservative prime minister.

With the London stock market greeting Labour's victory with a small rise in the FTSE 100 index of big company shares, the City's investors signalled their confidence that Labour could not undo the reforms of the former Mrs Margaret Thatcher.

Yet the cheering crowds outside 10 Downing Street and the unexpected size of Labour's majority told a different story: that the Tories had been rejected by voters.

Mr Blair's achievement in his highly personalised campaign - reminiscent more of an American presidential election than a British parliamentary one - has been to make these apparent contradictions seem consistent.

The journey from the 1983 general election, in which Mrs Thatcher was re-elected with a 144-seat majority, to this one has

been enormous for Labour. It has abandoned socialist policies and become far more organised. Its 1983 manifesto envisaged a largely state-run economy, in which foreign exchange controls would be reimposed and all of the biggest private sector companies nationalised.

Fourteen years later, the idea of controlling enterprise in this way is unthinkable. As the world embraced the Thatcherite idea of privatisation, Labour abandoned its struggle against the Tories' economic and financial reforms.

Mr Blair, who was elected to parliament in 1983, made this journey faster and more enthusiastically than practically any other Labour figure. His embrace of enterprise, and belief in the value of markets, has been whole-hearted.

Yet his manifesto tapped the public's disenchantment with the side-effects of Thatcherite reform: the decline of public services and rise of inequality.

His espousal of educational reform and improvements to the National Health Service, while retaining Tory tax and spending limits, convinced voters that he could improve the fabric of society without undermining individual wealth.

Beyond this intellectual achievement, Mr Blair transformed his party into a more effective fighting machine than that of his opponents. While Mr Blair claims to have recruited 240,000 new members to Labour in his three years as leader, the Conservative associations proved weak and fractious.

Not only did they defy Mr Major's attempts to lay down the law on a European single currency, but the ageing local Tory membership was outworked in marginal constituencies by the Labour party's smoothly coordinated machine.

News

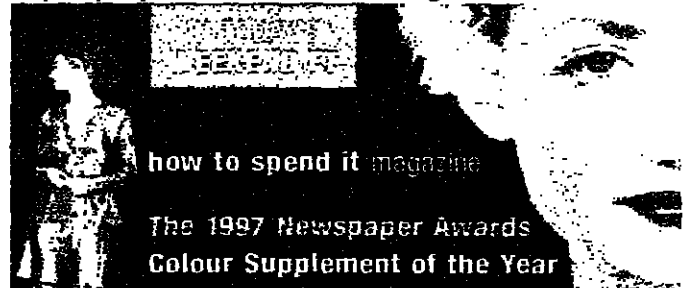
US budget deal agreed:

The White House and congressional Republicans reached a historic agreement on a plan to balance the US budget by 2002. The deal, the details of which were due to be announced late yesterday, was understood to include \$135bn in tax cuts, \$115bn in reduced medical spending on the elderly, and a reduction in the consumer price index which will cut pensions and raise taxes. The accord faces protracted debate in Congress.

Haider to found a union Jörg Haider, leader of Austria's Freedom party, Europe's most successful far-right party, has been called many things: yuppie fascist, neo-Nazi, rabble rouser. Hardly one to take on the mantle of a revolutionary trade union leader, but this week he signalled his intention to form his own union. The move is aimed at helping him achieve his ambition to become chancellor at the next elections, which could take place next year. Page 2

Monopolies rise in Gaza: Entrepreneurs in Gaza, already dependent on moving materials over the troubled border with Israel, claim that the ruling Palestinian Authority has set up monopolies as sole importers of many essential commodities. One such enterprise, Al-Bahar, run from the offices of Yasser Arafat, appears to defy the 1994 protocol on economic relations between Israel and the Palestinians which stipulated that trade be free of restrictions. Page 3

Riot season in Berlin: This week's street battles in Berlin between police in riot gear and thousands of stone-throwing youths made for dramatic television, and might suggest grave popular tension or an imminent shattering of the social fabric. But to Berliners, they are just part of the urban calendar. Page 2



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Portugal POR 000	Spain ESP 000	Spain ESP 000	Spain ESP 000
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News Business

Suit over Nomura bribe

Shareholders at Nomura, Japan's largest securities company, have launched a legal action demanding that its former president and three other officials repay the company some ¥70m (\$660,000) allegedly paid in 1995 to a company related to the infamous "sokajyu" extortionists who solicit bribes by threatening to disrupt shareholders' meetings. Nomura is also waiting to learn what form of government action it faces over the scandal. Page 24

US film push by PolyGram: Dutch entertainment group PolyGram, unveiled plans to launch a US film distribution company in the hope of bringing its six-year-old film division into profit. PolyGram Filmed Entertainment Distribution will be launched in the autumn with president Andrew Fogelson, a former Warner Bros and United Artists executive, co-ordinating distribution of all the group's feature films in the US. Page 23

Good US job figures fail to disturb the market

A thriving US job market took the unemployment rate to its lowest level for 23 years in a further sign of economic growth that will boost government revenues and ease the task of balancing the budget. Market reaction to the jobless rate falling to 4.9 per cent from 5.2 per cent in March was mostly favourable. The Dow Jones Industrial Average was up about 58 to 7,034.28 by mid-afternoon. Page 3; World stocks, Page 20; Lex, Page 24

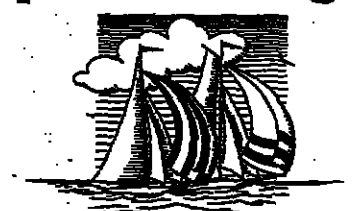
Penguin loss pursued: The Pearson media and information group admitted that personal gain may have been a motive in accounting irregularities at Penguin USA which led to a £100m provision in the 1996 accounts. Until now Pearson had said there appeared to be no rational motive for the behaviour of a clerk who was dismissed for giving unauthorised discounts to booksellers. Page 24

MGAM to handle Axiom assets: Morgan Grenfell Asset Management is expanding its funds under management by £16bn with the success of its parent Deutsche Bank in the auction for the Axiom fund management business in Australia, which manages about A\$19bn of state employees' pension money. Deutsche will pay A\$240m (\$186m) to buy Axiom from the New South Wales state government and shift management of the international asset portfolio to MGAM in London. Page 22

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US rejects EU aircraft subsidy plea

By Bernard Simon
in Toronto

The US yesterday rejected a call by the European Union to reopen a 1992 bilateral agreement that restricts subsidies for makers of large commercial aircraft.

Ms Charlene Barshefsky, US trade representative, said she did not share the EU's view that the pact, which includes ceilings on direct and indirect subsidies and transparency provisions, was "unbalanced".

The subsidies issue was raised at talks between Ms

Barshefsky and Sir Leon Brittan, European trade commissioner. They were in Toronto for a meeting of trade ministers of the informal Quadrilateral group, which also includes Japan and Canada.

The highlight of the Quad meeting was a long-awaited commitment by the US to table a conditional offer in the World Trade Organisation on liberalisation of financial services. All four Quad members agreed to table offers by mid-July.

They also said they would encourage other countries,

mainly in Asia and Latin America, to improve earlier offers.

Sir Leon described the outcome of the Quad meeting as a "necessary shot in the arm" to the conclusion of a financial services pact to replace a stop-gap WTO agreement which expires at the end of the year. But he noted that offers by the US and the other Quad members were conditional on "every-one else coming up to scratch too".

The financial services talks have gained new momentum in recent months

with the closer involvement of US and European banks and insurance companies.

According to one Quad official, an "acceptable" offer by the Asian and Latin American countries would have to include national treatment for foreign financial institutions, entry rights for foreign companies, full ownership rights, and safeguards against any retreat from these measures.

The EU's proposed review of the aircraft subsidies pact has been prompted partly by allegations of widening indirect subsidies provided by

the US National Aeronautics and Space Administration and the defence department to domestic aircraft makers.

The EU's concern has been heightened by the proposed merger between Boeing and McDonnell Douglas, creating an even more powerful rival to Airbus Industrie, the European aircraft maker.

Ms Barshefsky said, however, that "we do not see any link whatsoever" between the Boeing-McDonnell Douglas deal and the subsidies agreement.

The review sought by Brussels would include

replacing outright subsidies with some form of repayable loan, as well as tighter control over the use of government-funded research for commercial purposes.

The Quad ministers also threw their support behind moves within the Organisation for Economic Co-operation and Development to curb bribery.

A meeting of OECD ministers this month is expected to take steps to criminalise foreign commercial bribery, and to outlaw tax deductibility of bribes paid to foreign officials.

INTERNATIONAL NEWS DIGEST

Hanoi heroin trial starts

Vietnam's biggest drugs trial opened yesterday in a case that highlights a sharp rise in heroin trafficking across the once-closed communist country. Twenty-two people, many of them police officers, face charges of involvement in a huge heroin smuggling ring. State-run media say about half could face the death penalty, mated out in Vietnam by firing squad.

The case has also ensured border guards and top officials in the country's secretive interior ministry, including some in its anti-drugs team. Vietnam has become a transshipment point for drugs being moved from the Golden Triangle area of Laos, Burma and Thailand to the west, a development which has alarmed western anti-narcotics agencies.

Opium was widely used during French colonial days. However, addiction to heroin and other hard drugs is rising, particularly among young urban Vietnamese starved of recreational facilities. *Jeremy Grant, Hanoi*

French car sales down 10%

New car registrations in France fell by 10.3 per cent year on year in April, the fourth consecutive month in which figures have fallen below corresponding year-earlier levels. But the latest drop was smaller than those clocked up in the first three months of the year, raising hopes car sales may be recovering gradually after collapsing when a government incentive scheme was terminated last year.

The cumulative decline from the first four months of 1996 was 22.5 per cent to 571,228 units. The share of French marques slid to 54.4 per cent from 55.2 per cent in April 1996. *David Owen, Paris*

Japan jobless at postwar high

The average monthly rate of unemployment in Japan rose to its highest level since the end of second world war in the 1940s/50s fiscal year, highlighting the structural pressures that have emerged in the economy since the last recession. The number of people out of work rose from 3.2 per cent to 3.3 per cent on average in the year to March 1997 - in spite of the fact that overall growth in the economy surged to 2.5 per cent last year. The increase still leaves the rate very low compared to other industrial countries. But the rise has dismayed the government and illustrates the pressures that Japan is facing as it moves from a high-growth period to a more mature economy.

The government is forecasting a jobless rate of 3.3 per cent in fiscal 1997 - suggesting there is little likelihood of a rapid return to the extremely low levels of unemployment of the past. *Gillian Tett, Tokyo*

German states miss targets

Germany's federal states exceeded their budget deficit targets for 1996 but the Bonn finance ministry left unchanged at 3.8 per cent of gross domestic product its figure for last year's total public deficit as defined by the Maastricht Treaty.

The ministry said the 16 states' deficit totalled a provisional DM47.3bn (\$27.5bn) last year, up from a planned shortfall of DM39.4bn and the DM46.6bn announced for 1995. Mr Hansgeorg Hauser, a junior finance minister, blamed the widening gap on a sharp fall in tax revenues that more than offset lower-than-budgeted spending.

Further spending cuts were needed following widespread emergency budgets and spending freezes last year, he warned. Berlin's financial position deteriorated sharply. The city state's 1996 deficit of DM1.1bn was DM5.5bn over budget, largely because of a failure to implement planned asset sales. *Peter Norman, Bonn*

The east German economy is threatened with stagnation and higher unemployment this year, the federation of German chambers of industry and commerce (DIHT) warned yesterday. It said economic recovery in the east remained fragile and the region needed considerably more time before it equalled western Germany. Subsidies to the region would need to be maintained, though these needed to be focused on investment rather than consumption.

Manufacturing orders however were rising and the DIHT identified the sector as the leading light of the economy in the region. *Frederick Stüdemann, Berlin*

Australian jailed for fraud

Mr Peter Mitchell, 56, former director of Bond Corporation, was yesterday jailed for four years by a western Australian court for his part in the A\$1bn (US\$700m) Bell Resources fraud, said to be the biggest corporate fraud in Australian history. Bond Corporation is the company formed by Mr Alan Bond, the one-time Perth-based tycoon who was one of Australia's most prominent businessmen in the 1980s, before crashing into bankruptcy in the 1990s. Mr Bond is already serving a jail sentence over the Bell Resources affair.

Mr Mitchell, who had been living in the US, will be eligible for parole after 16 months. He had pleaded guilty to misusing his position as a company director, and in return the prosecution had dropped a more serious charge of conspiracy to defraud. *Nicki Tait, Sydney*

French Socialists in jobs plan

The French Socialists yesterday promised to pay for their ambitious plan to give work to 700,000 young unemployed by drastically simplifying the country's existing job schemes and without raising public spending.

The pledge was one of several refinements to existing policy contained in the party's campaign platform presented yesterday by Mr Lionel Jospin, the Socialist leader. Others included a commitment to raise the rate of existing wealth tax which around 1,000 of France's super-rich pay on their assets as well as their income, and a moratorium on new nuclear reactors.

Meanwhile, left and right in the French campaign sought to capitalise on Labour's landslide victory in the UK. Mr Jospin reminded voters the Conservatives were the ideological friends of President Jacques Chirac and the prime minister, Mr Alain Juppé, while Mr Juppé repeated his claim Labour had won because it had "renounced socialism". *David Buchanan, Paris*

Capital rules irk German bankers

By Peter Norman in Bonn

The German finance ministry is prepared to review bankers' complaints that they face higher costs because of changes in the way supervisors are applying accounting rules relating to bank takeovers.

The finance committee of the Bundestag, the German lower house of parliament, has urged the government to resolve the dispute between the Berlin-based federal office for bank supervision and private sector banks.

The argument hinges on whether the banks should draw on expensive core capital or what bankers say is a traditional mixture of core capital and less costly subordinate capital when accounting for acquisitions. Banks such as Deutsche Bank and Dresdner Bank, which have acquired London-based investment banks in recent years, could face added charges of tens of millions of D-Marks if they have to cover the cost of purchases with core capital alone.

The finance ministry said yesterday it was sure the supervisors' practice of requiring banks to cover the difference between the book value of an acquisition and its purchasing price from core capital was correct and unchanged from before. But, following the committee's request, the ministry would look again at procedures in consultation with banks and supervisors.

The complex dispute came into the open this week when German bankers accused the Bonn government of putting them under various forms of pressure to drop a competition case in Brussels, including changes in the way bank supervisors allowed them to account for buying other banks.

In a case that has irritated Bonn and German state governments, the association of German private sector banks, representing institutions such as Deutsche Bank, has asked the European Commission to rule on whether Germany's publicly owned banks have enjoyed an unfair competitive advantage through access in the early 1990s to low-cost capital in the form of housing development funds.

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Growing up in Berlin: familiar scenes as young Autonomens clash with police and burn a building site office on May Day

Berlin rioters go by the book

Frederick Stüdemann finds a certain order among Germany's youthful anarchists

In Germany even anarchy is predictable.

For two nights - Wednesday and Thursday - police in Berlin fought street battles with thousands of Autonomens, the wilder elements of the city's youth. Water cannon and tear gas were deployed, as were five thousand officers - many of them in heavy-duty riot gear. A handful of people were seriously injured and more than 300 arrested; five cars were burned out.

Such scenes make dramatic TV viewing, and might even suggest grave popular tension and the imminent shredding of the social fabric. To Berliners, however, they are just part of the urban calendar.

To the detached observer the riots have a certain order about them. As if working from an agreed

script the original rally degenerates as each side taunts the other, stones or bottles are thrown, prompting snatch squads, for grabbing troublemakers, and water cannon to draw up. This in turn prompts the Autonomens ("the autonomous ones") to retreat, only to start afresh.

Berlin - or its western part, at least - has experienced such scenes ever since the student protests of the late 1960s, which accustomed citizens to the idea of seeing streets and boulevards turned into vistas of broken glass on a pretty regular basis.

Thirty years ago it was the Vietnam war and youthful frustration with a conservative establishment which motivated the protesters. Later it was housing. By the late 1980s, however, no one

seemed to be sure what it was about any more.

Ostensibly the May 1 demonstrations were about the usual issues - the evils of fascism, capitalism, social injustice, unemployment, the exploitation of women and the developing world. In reality, however, such lofty ideals were cast aside in favour of a lively game of cat-and-mouse with the police, with predictable consequences.

The high-water mark came 10 years ago. Then, Kreuzberg - a district in west Berlin shored up against the Wall which divided the city at the time - was briefly a lawless zone as police lost control of the streets to Autonomens.

Today many of those who hurled stones at the police, looted shops, overturned cars and burned down a

supermarket, have moved on to different things. In the run-up to this year's anniversary, the Berlin media busied themselves tracking down veterans of '87 only to find many had become architects, dentists and small businessmen.

Quite a few gave misty-eyed accounts of what an important part of growing-up it had been to show the police a thing or two and demonstrate their indifference to bourgeois norms.

But just as many of the original Autonomens have settled down, so the annual bout of civil disturbance they sparked off has changed in character.

Once Kreuzberg, for decades a costly run-down haven for drop-outs and West German draft dodgers, was the undigested centre of the "Szene". Since the fall of

the Wall it has increasingly lost out to Prenzlauer Berg in the east where the pioneering spirit prevails and rents are cheaper. This densely populated area, which under communism was home to many of East Germany's dissidents, has in recent years made all the running on May 1.

But while much of the self-declared counter-culture has shifted east, the easterners themselves have become resentful of the income. In the run-up to this year's May 1 demonstrations, eastern members of the "Szene" accused their western counterparts of preferring violence to political protest. A split led to separate rallies and street parties in Prenzlauer Berg and Kreuzberg. In the event both ended in violence. Berliners expected as much.

William Hall measures the rise of Jörg Haider's rightwing Freedom party

Onward march of Austrian populism

Mr Jörg Haider, the controversial leader of Austria's Freedom party, has been called many things in his time: yuppie fascist, anti-semitic neo-Nazi, far-right rabble rouser. Revolutionary trade union leader is not an epithet that naturally springs to mind.

That may be about to change. The 47-year-old leader of Europe's most successful far-right party this week signalled his intention to form his own trade union.

At a May Day rally in a huge tent in Linz, Austria's biggest industrial city, Mr Haider told 3,000 mainly middle-aged blue-collar workers that his "Trade Union New" would "be there for skilled workers, the diligent and women".

The explanation for this extraordinary move, like many of Mr Haider's initiatives, lies in the cosy politicised structure of Austrian institutions. Management of the Austrian Trade Union Federation is supposed to be shared among supporters of political parties in proportion to their grassroots support. But the dominant Social Democratic and conservative People's parties have long kept Freedom party representatives away from top positions.

"Now that we have more



Haider: targeting the blue-collar vote

he was filmed addressing a secret meeting of veterans of Hitler's Waffen SS.

These antics also cause nervousness at home, but he has won immense popularity, especially among middle-aged blue-collar men, for his passionate stands against immigration, against the highly paid sinecures given to faithful retainers of the ruling parties, and, recently, against the European Union. He even seems to be winning round parts of the Roman Catholic church, strong opponents of his anti-immigration policies, by starting to promote himself as a "defender of Christian values".

In last October's elections for the European parliament, the Freedom party took nearly 28 per cent of the vote, almost as much as the two parties in the ruling coalition. The Social Democrats took 29.2 per cent and the conservative People's party 29.6 per cent. Among blue-collar voters, Mr Haider is reckoned to have collected 50 per cent of the votes.

Mr Haider insists he has been misrepresented by the international media. "We are not on the right or left wing of the political spectrum. We are in front of the others," he said last week. He dismisses comparisons with Mr

Jean-Marie Le Pen, leader of France's National Front. "This is a racial movement and we are a pure democratic movement which respects human rights and the democratic tradition," says Mr Haider. Mr Le Pen seems to be of the same opinion. He told the New Yorker magazine recently that Mr Haider "makes too many compromises with centrists".

Mr Haider is pro-Nato and does not advocate Austria's withdrawal from the EU. But he is sceptical about monetary union. Among European political leaders, he believes he has most in common with Mr Edmund Stoiber, the Bavarian prime minister and leading member of Germany's Christian Social Union.

He likes the way Mr Tony Blair, Britain's newly elected prime minister, has transformed the Labour party into a modern movement. A frequent visitor to the US, he has no hesitation in hijacking ideas such as Mr Newt Gingrich's "contract with America" and coming up with his own "contract for Austria". "My party has become a broadly-based citizen movement for conscientious, decent open-minded people," he says. "Decent,

open-minded people" is the phrase he used to describe the Waffen SS veterans in that secret meeting two years ago. He also praised them for "sticking to your convictions despite the greatest opposition".

Whatever his convictions, he is an increasingly formidable political force. Since taking over the moribund Freedom party in 1986, he has concentrated - with great success - on appealing to traditional supporters of the People's party. These days, polls regularly show the Freedom party ahead of the People's party.

In the past two years, he has turned his attention to the core Social Democrat supporters. God-fearing working class people who do not like competition from immigrant workers and are suspicious that the EU is for the bosses.

Perhaps that is why the official trade union leaders have already reacted so vehemently to his plan to create a new union. One called it a "divisive" move, another spoke of a "victory of anti-union power". A People's party spokesman warned that it was "a step towards a third Republic", a reference to Mr Haider's passion for overhauling Austria's constitution.

F15CAL ACUM3N?

Monday, May 12.

FINANCIAL TIMES
No FT, no comment.

هكذا من النجيب

US jobless rate down to lowest level for 23 years

By Nancy Dunne and Patti Waldmeir in Washington

A thriving job market last month drove the US unemployment rate down to its lowest level in 23 years, a further sign of strong economic growth which will boost government revenues and ease the task of balancing the federal budget.

News that the jobless rate had fallen to 4.9 per cent from 5.2 per cent in March came as White House and congressional negotiators were locked in nail-biting talks to finalise a deal to eliminate the budget deficit by 2002. Both sides were yesterday making preparations to announce a deal.

President Bill Clinton sent top aides to Capitol Hill to resolve remaining differences over taxes and spending, after the president complained that the outline deal agreed on Thursday "explodes" the budget deficit after 2002 because of backloaded tax cuts.

The outline assumes tax cuts of \$135bn up to 2002, accelerating to

\$300bn in the following five years. The two sides were also disputing the degree of control Congress would have over specifying tax cuts - a political issue which could determine which side is able to claim credit for the cuts.

The \$35bn in net tax cuts is expected to include reductions in the capital gains and estate taxes and a \$500 child tax credit.

Most of the deficit reduction would come from \$115bn in reduced spending on Medicare health care for the elderly, from lower cost of living adjustments for social security pensions, from higher tax receipts due to an adjustment in the consumer price index and, crucially, from the fiscal benefits of a strong economy.

But even when agreement is announced between party leaders, it will only mark the beginning of a legislative battle which could last throughout the summer. "The devil is in the detail," Mr Robert Reischauer, a budget analyst at the Brookings Institution, said yesterday.

Leaders will have to persuade the left of the Democratic party, and the right of the Republican party, to support a deal. It is believed there was unlikely to be sufficient opposition in Congress to stop it in the end.

Republicans are keen to reap the political benefits of achieving something in Washington, after months of gridlock, and Democrats are keen to do nothing to sabotage the strong economic growth which delivered the presidency to them in the last election.

Vice-President Al Gore, likely contender for the presidential nomination in 2000, "needs the budget issue to go away", says Mr Reischauer.

Yesterday's report from the US Labour Department, announced in the midst of the budget haggling, contained almost no bad news for the economy. Although employment growth - 142,000 - was well below expectations, job creation in the construction industry was depressed by bad weather. Manufacturing employment dropped by 14,000.

Poor pickings in Gaza for Palestinian entrepreneurs

Monopolies are stifling small businesses, writes Judy Dempsey

Mr Amass Ghazi should be a prosperous man. A plain-speaking manager, he is a typical Palestinian entrepreneur, having inherited his father's building materials company.

He runs his business from one of his warehouses tucked away in a narrow street in Gaza City. It is full of cement, lime, steel wire and other construction materials.

Since the Palestinian Authority took over the administration of Gaza in 1995, the construction industry has accounted for 20 per cent of GDP as 100,000 Palestinians returned, boosting the demand for housing, office space and industrial buildings.

So at 38, Mr Ghazi should be comfortably looking forward to passing the business on to his own three sons. But the optimism he had after 1995 has waned. "I am very pessimistic," he says, sitting at his desk and filling in his order book. The closures which the Israeli government regularly imposes on Gaza mean there is no free movement of goods in or out. More worrying for Mr Ghazi is the kind of economic policy adopted by the PA over the past two years.

"Monopolies. That is what they are creating. There is no competition," he says. Mr Khaled Abdel Shafi, an economist who works with the United Nations Development Programme to the Palestinians, says the PA is not respecting the principle of free competition. "It has set up its own agencies, or monopolies, to import strategic goods from Israel."

In Gaza, the monopolies are dominated by Mr Hashen Abu Nada, also known as Abu Hussein, an old friend of Mr Yasser Arafat, PA president, in whose offices Mr Hussein works in his capacity as financial manager to the president.

From there, Mr Hussein runs Al-Bahar, a commercial company which has been granted a licence by the PA to be the sole importer of

Economy snapshot: West Bank and Gaza



Source: Palestinian and Israeli authorities; IMF estimates

some of the most important commodities from Israel. This is despite the 1994 Protocol on Economic Relations signed between Israel and the Palestinians, which stipulated that trade be free from restrictions. Over the past two years, the Al-Bahar company has extended its grip over other sectors of the Gaza economy, buying up printing presses and securing the monopoly over the import of petrol, gas and other commodities from Israel upon which Gaza is dependent. Furthermore, it has contracts with selected Israeli cement and petroleum companies which already monopolise their own domestic market.

"These agencies receive preferential treatment from the PA," says Mr Shafi. "They are the ones who get around the closures. They are the ones who pass the high prices on to the consumer. No one knows what happens to the taxes they are meant to pay to the PA. No wonder some Palestinians returnees are leaving. There is no proper legislation."

Israel's finance ministry, which is responsible for co-ordinating trade and tax policies with the PA is aware of these practices. But it claims it has little influence over the PA to curb monopolistic agencies in Gaza. "It suits some Israeli companies," a senior finance ministry official says. "It is easier to deal with just one agent in Gaza or the West Bank."

Unwittingly, the PA is perpetuating Israel's captive market grip over the West Bank and Gaza as much as the monopolistic Israeli economic practices that are

being extended to the Palestinian economy.

Mr Shafi, however, identifies a more damaging long-term trend. "The Israeli monopolies, especially in cement, which is dominated by Nesher, are preventing the creation of an entrepreneurial class in Palestine. The effect is two-fold: the consumer pays more and the entrepreneur is stifled by both sides, the Israelis and the PA, acting in collusion."

Mr Ghazi has tried to get around the monopolies by buying cement from neighbouring Egypt. Sometimes the quality is not so good. Even when it is, by the time he manages to bypass the agency and import it through Israel, the bags, he explains, are torn open by the Israeli customs authorities, "for security reasons."

"The Israelis bore a steel rod through the bag. The cement is ruined. They are doing this to protect their own markets. They do not believe in free trade either," he says, pointing to the ripped bags.

The PA tries to brush aside such criticism. Mr Mohammed El-Samboury, an adviser to Mr Arafat, minister for planning and international co-operation, blames the closures, insisting the PA is "not intentionally putting obstacles in front of Palestinian entrepreneurs."

The International Monetary Fund, however, in its recent report on economic developments in the West Bank and Gaza, said: "The PA has undertaken to dismantle import monopolies (notably on petroleum products, cement, tobacco and some electronic products) by the end of 1998, which currently represent the major structural distortion in the economy."

Mr Ghazi will believe that when it happens. "In the meantime, I pay the agency Shk15.50 for a 50kg bag of cement and sell it to the consumer for Shk16. If I could, I would buy it and sell it for at least 10 per cent less. But I can't. It's a great pity."

Zaire rebels step up advance on Kinshasa

By Michele Wrong in Kinshasa

Zairean rebels yesterday stepped up their advance on Kinshasa, leaving President Mobutu Sese Seko with less and less room for manoeuvre at his first direct peace talks with the rebel leader, Mr Laurent Kabila.

As the meeting aboard a South African warship was delayed by the cancer-stricken president's failing health, the Alliance of Democratic Forces for the Liberation of Congo (AFDL) ferried troops and artillery to Kikwit, 400km east of the capital, in preparation for a final push.

Witnesses reported seeing hundreds of chattering rebels boarding Boeing 737s, 727s and smaller aircraft at the airport in the occupied southern city of Lubumbashi. An AFDL commander said the rebels were poised to enter Kenge, a town just 200km from Kinshasa which has been abandoned over the past few days by the elite Zairean troops sent to stage a last defence.

The AFDL refused to order a ceasefire ahead of the US-brokered summit and the heavy military build-up will increase the pressure the 66-year-old president now faces on all sides to accept the inevitable and step down after 32 years at the helm.

Analysts had feared the rebels' insistence that Mr Mobutu's resignation was the only topic on the agenda - a statement that flew in the face of US claims that both sides had dropped preconditions - could trigger the talks at the last moment.

But Mr Mobutu flew to the Congolese port of Pointe Noire despite the public insult.

His difficulty in getting aboard the converted ice-breaker, the venue for what South African and US mediators hope will be preparations for a transfer of power, merely underlined the fragility of his position.

Unable to climb the metal stairs leading from the quayside to the deck of the SAS Outeniqua, the president, who is suffering from prostate cancer, had also been

advised by his doctors not to travel by helicopter. The humiliating option of winning his board was briefly considered before a make-shift ramp was built and a smiling Mr Mobutu was driven aboard in his bullet-proof limousine, five hours behind schedule.

Mr Kabila, currently in the Angolan capital of Luanda, was due to join the ship later; it would then steam out to international waters, a symbolically neutral location for negotiations.

Diplomats have warned that an open clash at these last-ditch talks could have disastrous consequences on the increasingly tense capital, where fleeing soldiers returning from the front are hijacking cars and robbing residents.

Anxious to avoid that outcome, South Africa was keeping an armlock on the protagonists yesterday. President Nelson Mandela flew to Pointe Noire to ensure Mr Mobutu boarded and Mr Thabo Mbeki, the vice-president was sent to Luanda to accompany Mr Kabila.

Row over iron ore company sell-off

By Geoff Dyer in Rio de Janeiro

A war of words has broken out between Brazil's executive branch of government and the judiciary over the delay of the auction of shares in Companhia Vale do Rio Doce (CVRD), the first part of Latin America's biggest privatisation.

Members of the government claim that judges have become unwitting participants in a political campaign by the opposition to derail the privatisation, which had been expected to raise more than \$5bn.

The government had planned to sell a 40-45 per cent stake of voting shares in the company, the world's biggest iron ore producer, at an auction scheduled for last Tuesday. However, because of a barrage of legal challenges against the sale, it has been postponed until Monday at the earliest.

Mr Luiz Carlos Mendonça de Barros, president of the National Development Bank, which is organising the sale, described the situation as "legal chaos". He said: "If a first-level judge is able to paralyse a decision taken by the executive and approved by the legislature, it is a complete inversion of the pyramid."

Brazilian judges have criticised the government for trying to use strong-arm tactics. Mr Jorge Scartezini, president of the Regional Federal Tribunal in São Paulo, who rejected a government appeal against one of the injunctions suspending the auction, said: "It is necessary to respect legal procedures." Brazil's judiciary jealously guards its independence, which it claims allowed it to maintain some of the civil liberties that were threatened under the military dictatorship which ended in 1986.

Government lawyers said a record 130 legal challenges had been lodged against the sale. Judges awarded 22 injunctions, three of which are still outstanding. The government has asked one of the country's highest courts, the Supreme Tribunal of Justice (STJ), to overturn the injunctions. Mr Demócrito Reinaldo, an STJ judge, said he would not announce a decision until at least Monday.

If he rejects the case the government will have to wait until May 8 for its next chance to appeal against the São Paulo injunction. Two consortia have qualified to bid for CVRD, one led by Companhia Siderúrgica Nacional, a Brazilian steel maker, the other by Anglo American of South Africa and Grupo Votorantim, a Brazilian conglomerate.

Canada tries to defeat computer brain drain

By Scott Morrison in Vancouver

Imaginix Communications, a small Canadian network engineering company has been forced to raise employee salaries by an average 30 per cent in the past year to fend off recruiting raids by large software companies.

Miss Karen Kostaszek, Imaginix's president, says US companies have offered some of her employees pay packages of up to \$200,000 to lure them south of the border.

"It's really hard for us to meet those salaries," she says, adding that Imaginix competes by providing generous benefits, a share ownership programme and continual professional development courses.

Imaginix is just one of hundreds of small Canadian software producers struggling to hang on to programmers and designers at a time when there is a shortage of skilled personnel. The programmer shortage in Canada has been exacerbated by US companies such as Microsoft, which flock to university campuses offering generous wages to graduating students.

"Some of the brightest ones take the money and run [to the US]. It's very difficult to woo back someone who has already left," says

Miss Ruth Songhurst, president of Morrice Kern Systems, which produces software for internet applications.

The shortage of software programmers and designers comes at a time when the information communications technology sector is growing by an average of 9 per cent every year. But while the ICT sector in Canada in 1995 employed 415,000 people, an estimated 12,000 jobs in the industry are unfilled because software companies cannot find skilled designers. And the number of job vacancies in the industry is expected to grow to 30,000 by the turn of the century.

Industry analysts say they have little choice other than to resort to the same tactics as their US competitors. Software companies are lobbying the government to relax immigration requirements for programmers, a stop-gap measure that would allow companies to target personnel from east Asia, India and the Slavic countries of central Europe.

Under current regulations, companies that want to hire a foreigner must demonstrate they cannot find a Canadian resident qualified for the position, a process which costs companies thousands of dollars and months of effort. In a pilot project soon, authorities will waive the requirement and indus-

try leaders say they will probably lobby for permanent regulatory changes.

"The lack of these [specialised] skills has been proven one thousand times and we're wasting valuable time and money on this process," says Mr Gaylen Duncan, president of the Information Technologies Association of Canada.

But many believe immigration is simply a stop-gap solution. Insiders agree they must work with the government to introduce children to computers at an earlier age and improve computing courses in public schools.

The medium-term outlook remains bleak for the industry, which in 1995 generated C\$65bn (US\$46.4bn) in revenues, or 7 per cent of Canada's GDP. Demand for software programmers and designers is expected to increase and wages go up as more resources are directed toward resolving the so-called "millennium bomb" problem. Computers calculate dates using the last two figures of the year. But in 2000, many computers will think it is 1900, posing a slew of technical challenges.

Mr Duncan expects demand for programmers addressing the problem will surge as the new millennium approaches and salaries could soar by as much as 150 per cent.

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£25,750 (10/04/97); £25,500 (09/04/97); £25,750 (08/04/97)

£500 nominal debentures 1997/2001 Series ("No.1 Court Debentures")

Set out below are the prices and dates of the three most recent transactions in the No.1 Court Debentures, as notified to the Company. The amount of £9,900 has been paid up on the No.1 Court Debentures.

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Trade Register Number: Brussels 17487

The Board of Directors is pleased to invite shareholders to assemble at the Company's registered office, rue Royale 30, Brussels on Wednesday 21st May 1997 at 10.30 am, for the Ordinary General Meeting, in accordance with the terms of Article 20 of the Memorandum and Articles of Association, to vote on the following agenda:

AGENDA

- Board report and Auditors' report on the management and the financial position of the Company.
- Auditors' reports for the year ended 31st December 1996.
- Company's annual accounts: the annual accounts as at 31st December 1996, including the distribution of a net profit of 1,800,000 francs, which will be amounted up to the distribution of the corresponding dividend with the ordinary coupon.
- Discharge of the Board of Directors and the members of the Board of Directors from performance of their functions for the financial year.
- Elections according to the Memorandum and Articles of Association:
The mandate of directors: Claude Dehouve, François Bernard Eglott, Jean-Claude Liotier, Maurice Lippens, Philippe Malet, Gérard Mestrallet, Xavier Ponsolle, Alain Seuge, Pierre Van Wassenhove, Karel Vinck and Gérard Worms expires at the end of the Ordinary General Meeting.
Proposal to renew the mandates which the outgoing directors and auditors are entitled to for the next financial year.
Proposal to elect the members of the Board of Directors for the next financial year.

In order to attend this meeting, shareholders must deposit their shares in the Company's registered office by Tuesday 13th May 1997 at the latest, or at one of the following banks:

In Belgium: Generale Bank Banque Indosuez Belgique	In France: Banque Indosuez	In Luxembourg: Banque Générale de Luxembourg	In Switzerland: Crédit Suisse First Boston Société de Banque Suisse Union de Banques Suisse	In Germany: Deutsche Bank Generale Bank & Co
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Without prejudice to the terms of Article 74, § 2, para 2 and § 3 of the co-ordinated laws on commercial companies, shareholders who wish to be represented should use the form of proxy which is available on request. All proxies should reach the Company's registered office as soon as possible and by Friday 16th May 1997 at the very latest, which date was laid down by the Board of Directors in accordance with the terms of Article 20 of the Memorandum and Articles of Association.

Brussels, 26th April 1997

Ph. LIOTIER
Chief Executive Manager

E. DAVIGNON
Chairman

NEWS: UK

Westminster streets resemble bustling boulevards of a southern European town in the grip of a fiesta

Screams of joy greet prime minister Blair

By Robert Peston, Political Editor

For the past 24 hours, the main thoroughfares around Westminster have resembled bustling boulevards of a southern European town in the grips of a fiesta.

In the early hours of yesterday morning, cars drove up and down Whitehall tooting their horns while passengers screamed their apparent joy at Labour's victory.

Mr Tony Blair's journey from his north London home to Buckingham Palace around lunchtime and from there to Downing Street was greeted by a cheering throng of optimists, basking in the unusually warm spring sunshine. Even Mr Gordon Brown's even-

ing arrival at the Treasury as the new chancellor of the exchequer attracted a couple of hundred onlookers to the portals of this imposing bastion at the heart of the government machine.

It all belied the copious criticisms made of Labour during the seven-week campaign that its programme was sterile and its battle tactics were cynical.

This may have been the view among media commentators, but it was apparently not shared by voters who delivered Labour its biggest ever majority and delivered the Tories their worst result since 1832.

So what can these voters expect from the government they have created? Will it be "an

uncontrollable monster running rampant through the reforms of the past 18 years", in the semi-ironic words of one of Mr Blair's colleagues, or "the harbinger of a new style of British politics", according to another.

In fact, all the signs point towards an altogether less dramatic outcome. In style there may not be big changes. Few senior government officials are being sacked or moved on. And Mr Alastair Campbell, who yesterday took over as press secretary to the prime minister, said he would retain the conventions of unattributable briefings which have for years allowed British governments to talk off the record to the media.

Those poised to join the government said Mr Blair would stick closely to the comparatively modest agenda set out in its election manifesto and his 10-point "covenant" with the British people. "We ran for office as New Labour, we will govern as New Labour," the new prime minister said at the door of 10 Downing Street.

"There is not the slightest possibility that he will say one thing before the election and another thing after," insisted a Labour MP likely to become a senior minister. "The whole essence of his case, his platform in the election, was that he would deliver what he promised and would not promise anything he could not deliver."

"We feared that the Tories

would exploit their inbuilt majority in the House of Lords to keep us bogged down in constitutional reforms," said a leading Blairite. "However, I really don't think they will dare to do that now."

His confidence stems from the apparently overwhelming electoral mandate for constitutional reform delivered in the election. Labour's devolution proposals, together with its plan to strip hereditary peers of their voting rights in the House of Lords, is a programme agreed with the pro-European Liberal Democrats - and the two parties' combined share of the national vote was 62 per cent.

Probably the first real test of character of Mr Blair's govern-

ment will be the special Budget planned for June or July. At its heart will be a reduction in value added tax and a 55bn tax on the excess profits of the privatised utilities designed to provide finance to reduce unemployment among the young and those out of work for more than two years.

Treasury officials will soon put pressure on Mr Brown and Mr Blair to raise taxes to deal with a perceived revenue shortfall. The danger of raising taxes is that it could bring to an abrupt end the electorate's love affair with Mr Blair. But a minister in his government said: "Tony has got to do whatever painful stuff is required immediately. There will never be a better time."

Devolution set to dominate early days

By Nicholas Timmins, Public Policy Editor

Devolution of government in Scotland and Wales - and ratification of whatever Labour agrees at the European Union's Amsterdam summit next month - will dominate the government's first parliamentary session.

The elimination of the Conservatives in Scotland and Wales leaves an English party which will have little mandate to oppose Labour's devolution plans.

The prospect of an easier, though still complex, passage for devolution raises the likelihood that incorporation of the European Convention of Human Rights into UK law - a measure which could be started in the Lords early and which would help symbolise the change to New Labour - will now feature early in Labour's programme.

But the headlines Labour will seek from the announcement of its legislative programme on May 14 will be for its big education and crime and disorder bills, together with statutory minimum wage and health measures.

When the legislative committee meets on Monday and Tuesday, however, a host of decisions on less spectacular legislation will be needed.

A pledge to allow a free vote on a handgun ban is almost certain to be included. A speedy bill is required to allow the first, long-delayed, private finance initiative hospital deals to go ahead. First-session bills will include:

● **RIGHT TO KNOW:** Legislation to implement an EU data protection directive which provides access to personal files has to be introduced. It could be done, untidily, by regulation rather than a primary act, but there is pressure to merge it into Labour's promised freedom of information legislation. The scale of yesterday's victory increases the chances that may happen.

● **CRIME AND DISORDER:** A big bill aimed at anti-social behaviour and large-scale reform of the youth justice system. Measures will aim to halve the time taken to deal with young offenders and the law will no longer assume that 10 to 13-year-olds cannot differentiate between right and wrong. Child protection orders will allow police and local authorities to enforce curfews on children 10 and under.

● **RACIAL HARASSMENT:** New offences of racial harassment and racially-motivated violence will be created along with a community safety order - an injunction that could include exclusion from particular areas. Municipal authorities will face a new duty to develop community safety programmes.

● **DEVOLUTION:** Three bills are needed, with two setting up the Scottish and Welsh referendums followed, if the votes are yes, by the large substantive legislation. Papers detailing the plans will be needed before the referendum bill if Conservatives in the House of Lords, the unelected upper House of parliament, are not to fight it on the grounds they are being asked to agree referendums on something whose details are unknown. Officials say the timetable to hold the referenda in the autumn is "incredibly tight".

A crucial decision will be whether to follow the convention for constitutional measures and take the committee stage of the bills on the floor of the House of Commons - a potentially much longer process than shifting them into a committee upstairs. Senior Conservatives have warned that Lords might vote down commitments made in parties' general election manifestos.

Additional reporting by Peter Norman in Bonn, Robert Graham in Rome, Neil Buckley in Brussels and Gordon Cramb in The Hague.

Gordon Brown to head finance team

By John Kampner and David Wighton

Mr Tony Blair, leader of Britain's victorious Labour party, sprang no surprises yesterday when he announced the seven top members of his first cabinet.

All moved into the positions they had shadowed as members of the opposition. Mr John Prescott becomes deputy prime minister and head of a new department combining environment, transport and regional planning.

Mr Gordon Brown will be the second most important member of the Labour cabinet with influence going well beyond that of a traditional chancellor of the exchequer.

In opposition, he took overall responsibility for all economic, employment and industrial policy, a role he is expected to continue in government.

In particular, he will oversee the welfare-to-work measures that are central to Labour's programme. He favours a bolder approach to the Budget than Mr Blair who is, however, expected to defer to his former mentor's judgment.

Eyes will be on early signs

of tension between Mr Brown and Mr Robin Cook, the new foreign secretary, over issues such as the single European currency.

Mr Cook will have two pivotal roles. As foreign secretary he will control perhaps the most important portfolio in the coming years, with the intergovernmental conference on European Union reform set to conclude next month, and the first phase of monetary union due in 1999.

In between the UK will chair the rotating presidency of the EU, the Group of Seven industrialised nations and the Commonwealth summit. Mr Cook will also be seen by Labour's "loyal left" as the fulcrum for radicalism in the cabinet. He will seek to ensure that Mr Blair presses ahead with plans for constitutional change and that he considers more redistributive economic policies.

Mr John Prescott, the elected deputy leader of the party, has been rewarded for his loyalty with a new "superministry" combining two of his special interests - transport and regional policy - with environment.

A convert to modernisation of the party, Mr Prescott

is sometimes seen as accident-prone. However, he is highly valued by Mr Blair who sees him as a link with the party's grassroots.

Mr David Blunkett's department, education and employment, has been elevated to one of the main offices of state to reflect Blair's promise to make education his top priority.

Mr Blunkett, who was born blind, is passionate in fulfilling his aspiration of improving life chances for the disadvantaged, seeing traditional teaching methods as the key to that.

Mr Jack Straw's tenure as home secretary only became certain after it emerged that Mr Prescott would not be taking it.

Mr Straw has been criticised by civil liberties groups for authoritarian tendencies, citing his calls for curfews for the under 10s, his initial refusal to condemn Conservative plans to step up bugging, and his general advocacy of stringent measures to crack down on crime.

Mr Blair, however, has been grateful to Mr Straw for turning law and order from a Conservative strength into a Labour strength.



Gordon Brown, chancellor

A new start

After a gruelling six-week election campaign, the victors will no doubt want two things - a celebration and a rest.

But once the champagne bubbles have gone flat, the prime minister and his government will have to face a fortnight of sheer hard work. Here are some key dates in the diary of the new administration:

● **Friday/Saturday May 2/3:** Announcements of appointments to a new cabinet.

● **Saturday May 3:** Privy Council at Buckingham Palace for the swearing in of a new cabinet in the early evening.

● **Sunday/Monday May 4/5:** Announcements to create the rest of the administration.

● **Monday May 6:** Meeting of the European Union's intergovernmental council in Strasbourg, which could be attended by the permanent representative in the absence of an available cabinet minister.

● **Wednesday May 7:** Election of the Speaker in the House of Commons. A ceremony will take place in which the Father of the House takes the chair in the Commons chamber to hear the Speaker proposed and seconded. If there is more than one candidate, a vote will be held. According to tradition, the successful candidate will be dropped, resting, by his or her fellow backbenchers to the chair. Only then can the business of the Commons commence.

● **Wednesday, Thursday, Friday May 7, 8, 9:** Swearing in of new MPs at times to suit them. After an initial rush, a steady flow of new MPs will swear (or affirm) an oath of allegiance to the Queen. The Commons is then adjourned until the state opening of parliament.

● **Thursday May 8:** The first cabinet meeting of the new session, which will decide on the contents of the Queen's Speech to the opening session of the new parliament, and the legislative programme for the year.

● **Monday May 12:** The chancellor of the exchequer represents Britain at the Ecofin council in Brussels to discuss European Monetary Union.

● **Wednesday May 14:** The official state opening of parliament, including the Queen's Speech.



Robin Cook, foreign secretary



David Blunkett, education



Jack Straw, home secretary

Emasculated unions look to reversal of 'injustice'

By Robert Taylor in London

Trade union leaders are in no mood for an offensive against the new government. Indeed, many reacted with delight to the scale of Labour's election victory even if they remain unsure what kind of relationship they can expect with Mr Tony Blair, the new prime minister.

Mr Blair has adopted a cool, arms-length attitude to the unions since he was elected Labour leader three years ago, believing he needed to end the traditional

relationship which had given the impression the party was subservient to union demands.

He made it clear he would treat the unions no differently than any other sectional interest and govern for the country as a whole if he became prime minister.

But Mr John Monks, the Trades Union Congress general secretary, said yesterday: "After 18 years of being shut out of national debate, trade unions hope for a government that will realise the potential of trade unions and their members to help solve the

problems our country faces".

During the national election campaign UK union leaders were exasperated by Labour's attitude towards the issue of legal recognition rights for unions. They accept they will not enjoy easy or automatic access to the prime minister or his cabinet colleagues. Mr Blair has seemed much more sympathetic towards business than the unions over recent months and Mr Monks knows the unions will have to justify their demands by rational argument not threats of disruption.

As the TUC general secretary explained yesterday: "The TUC recognises that the new government must govern in the interests of the whole country and not of any one interest group. But I am confident it will treat the union case with fairness and recognise the pendulum has swung too far in recent years in the direction of the bad employer".

The unions still expect Labour to deliver on its promises of a national minimum wage, signing the European Union social charter and introducing legislation on

union recognition and representation - though it remains unclear how quickly this will come in what promises to be a tight government timetable.

Much will depend, as Mr Monks argues, on "a change of tone." But as Mr Rodney Bickerstaffe said yesterday, unions like Unison, the public service union he leads, "look forward to working" with Labour "to tackle the backlog of insecurity, injustice, discrimination and neglect that has disfigured the lives of millions of our people for far too long".

The annual season of summer trade union conferences starts next week with the loyalist AEEU engineering union and runs until early July. Their agendas and debates will provide signs of what activists want, and of the pressure for higher pay that might be building up. With the current level of UK average earnings rising by 5 per cent, the dangers of industrial disruption are real enough as the new government continues to apply the public sector pay freeze of its Tory predecessor until at least 1999.

Winner strikes chord with Europe's centre-left

International leaders believe the election result will herald a long period of greater co-operation

By Lionel Barber in Brussels

Chancellor Helmut Kohl of Germany yesterday led a chorus of international congratulations for Britain's new Labour government, saying he hoped the UK would play a more co-operative role in Europe.

Mr Kohl, who will seek a fifth term in office next year, said Labour's landslide victory was proof that anti-Europeanism does not win votes.

As Europe's politicians digested the scale of the Conservative defeat and the upsurge in support for the pro-European Liberal Democrats, many spoke hopefully of a new era.

Italy's centre-left Olive Tree coalition was delighted by Mr Tony Blair's victory, convinced the UK could once again become an ally in counterbalancing the Franco-German axis in the European Union.

Mr Alain Juppé, the French prime minister, pre-

dicted "very good relations" with Mr Blair and said that his victory would mean greater British openness towards Europe, especially in the area of social policy.

In Brussels, European Commission officials said they were "thrilled" by the margin of Labour's victory, which offered the prospect of five years of stable government.

They said that Tony Euro-sceptics had exploited Mr John Major's slim majority to exercise a virtual stranglehold over British diplomacy since the election of sterling from the European Exchange Rate Mechanism in September 1992.

A senior Scandinavian diplomat in Brussels said the most important result in the UK election was the defeat of overt Eurosceptics such as Sir James Goldsmith, the founder of the Referendum party, and Mr Michael Portillo, the defence secretary.

The Labour Party's victory was yesterday welcomed by Japanese policymakers and businessmen in the belief that the new British government will take a more pro-European line than its predecessor. William Dawkins writes in Tokyo.

Not only has Japan placed 40 per cent of its EU investments in the UK over the years, but it also relies on the government as an informal advocate in Europe. Japanese poli-

EU diplomats and European Commission officials said they were under no illusions that the Labour government would bring about immediate big changes in policy.

"On key sovereignty issues - money, borders and armies - no one expects a change in the short term," said one diplomat.

"The British... will always be watching on the sidelines," said one EU ambassador, "which is why others must go forward."

Spanish officials in Madrid said a Labour government would place "fewer obstacles" in the path of the EU,

but saw little prospect of a breakthrough on the controversy over Spanish boats registering in the UK to take advantage of British fishing quotas, and the long-running argument over the status of the island of Gibraltar.

The first big test of the new British government's European policies will come at a summit in Noordwijk in the Netherlands on May 23, where the Dutch presidency of the EU hopes to accelerate negotiations on a revised "Maastricht 2" treaty.

The new treaty is intended to streamline EU decision-making and institutions to pave the way for enlargement of the union to central and eastern Europe.

The Dutch consider that progress must be made in order to meet the agreed deadline for concluding a new treaty by mid-June in Amsterdam.

Chancellor Kohl, President Jacques Chirac of France and Mr Jacques Santer, president of the European Commission, were among leaders who yesterday expressed interest in early talks with Mr Blair, who is still relatively unknown in mainland Europe, in spite of well-cultivated links with sister socialist parties.

Such talks would not only cover the Maastricht treaty review conference, but also the timetable for eastern enlargement of the EU, reform of the Common Agricultural Policy and the planned launch of the single European currency on January 1 1999, which Britain must decide whether to join or not.

All these decisions are likely to be made in the next 12 months, partly under the British presidency of the EU in the first half of next year.

During a bitter UK election campaign, Mr Blair came under intense Conservative pressure to rule out any moves toward deeper European political integration.

The general verdict in Brussels yesterday was that the Labour leader had avoided making promises which would tie his hands in future negotiations with EU partners.

Other European parties

drew lessons from Labour's successful campaign, seeing it as a sign that there was a strong future for centre-left politics in Europe.

In Germany, the Social Democrats said Mr Blair's victory showed they could topple Chancellor Kohl in the autumn 1998 poll - though some pointed out that one of the reasons for Labour's landslide was that it had abandoned the language of class warfare.

Italy's first post-war government dominated by the left has strongly identified with New Labour during its time in opposition. Mr Walter Veltroni, deputy prime minister, promoted the virtues of "Blairism" - market economics with a human face - in an effort to swing the Italian left towards the centre.

Additional reporting by Peter Norman in Bonn, Robert Graham in Rome, Neil Buckley in Brussels and Gordon Cramb in The Hague.

Full results in the general election can be found at the Financial Times website <http://www.ft.com>

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Monday, May 12.

FINANCIAL TIMES
No FT, no comment.

مركز الأبحاث

Devolution set to dominate early days

By Nicholas Timmins, Public Policy Editor

Devolution of government to Scotland and Wales - the Labour agenda at the start of the new millennium - will dominate the early days of the new government. The Conservative government's plans for the new millennium will be dominated by the need to secure the future of the UK's financial services industry. The Labour government's plans for the new millennium will be dominated by the need to secure the future of the UK's financial services industry.

Months of meetings with bankers and brokers have yielded dividends to the party Labour landslide fails to alarm City

By George Graham, Banking Correspondent

Months of breakfasting and lunching with bankers and brokers paid off for the Labour party yesterday as the City of London greeted the party's sweeping election victory without alarm.

The policy is now being reviewed by Lord Borrie, however, and is not expected to survive. City dealmakers said yesterday the Labour victory was unlikely to have any effect on their business - although many expect the pace of takeover activity to slow in the UK, with more mergers likely in mainland Europe.

Still alive, on the other hand, is a review of corporate taxation, including the possible reduction or abolition of advanced corporation tax. Since tax-exempt pension funds can reclaim ACT, every pound of dividend they receive from a company comes with an extra 25p from the Inland Revenue.

signals from the new government about its attitude to European monetary union. The London Investment Banking Association yesterday issued a progress report on preparations for the new government's plans for the reform of regulation in the City of London, senior party figures have warned.

Labour wants to move the City away from self-regulation towards a statutory system and the non-statutory Takeover Panel, which oversees the conduct of takeover bids, is seen as an anomaly.

Shake-up of takeover body likely

By David Wighton, Political Correspondent

The Takeover Panel is unlikely to survive in its present form under Labour plans for the reform of regulation in the City of London, senior party figures have warned.

are supported by Germany, Holland and Sweden, have been backed by the Conservative government, but Labour ministers may prove less sympathetic.

Early mini-Budget to launch windfall tax

By Richard Adams and Robert Chote

Mr Gordon Brown, the new chancellor of the exchequer, promised yesterday that he would "move very quickly" to put in place a mini-Budget within two months.

The package will be dominated by a windfall levy of 25m (£4.9bn) on the "excess profits" of privatised utilities, which will pay for "welfare-to-work" measures aimed at cutting long-term unemployment and getting 250,000 young people into jobs.

Mr Brown confirmed yesterday that his first Budget would also cut value added tax on fuel so that old people could benefit before facing winter bills. Reducing the rate from 8 per cent to the 5 per cent minimum allowed under European Union law would cost £400m, partly paid for by removing tax relief on medical insurance for the over-60s at a saving of £10m.

But the big unanswered question is whether Mr Brown will tighten further the overall stance of fiscal policy, as the International Monetary Fund has recommended publicly and as senior Treasury officials are expected to advise privately.

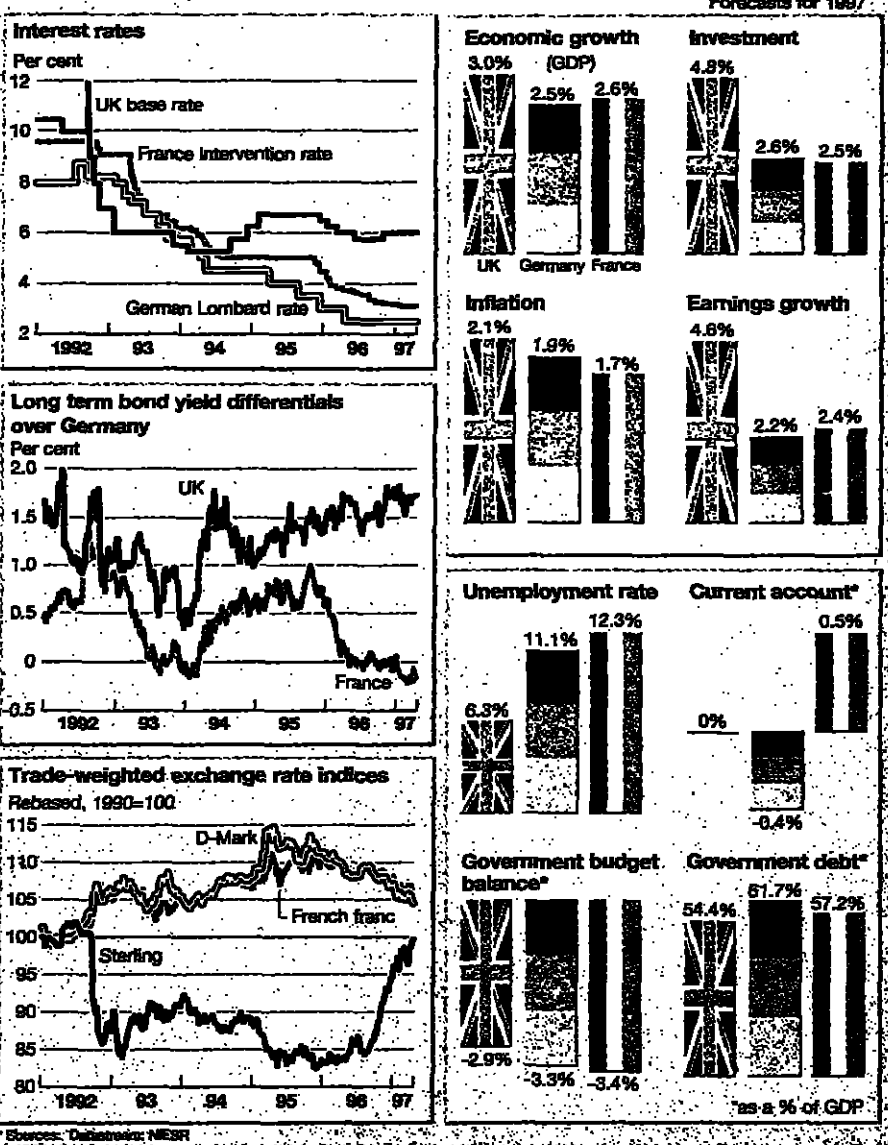
Fiscal policy will tighten automatically if Mr Brown sticks - as he claims he will - to the Conservatives' existing public spending plans for the next two years. But Mr David Walton, economist at Goldman Sachs in London, argues that raising taxes by an extra £4bn-£5bn in the mini-Budget would give Mr Brown more room for manoeuvre in the future and also alleviate most of the need for higher interest rates this year.

Nonetheless, Mr Walton expects political considerations to rule out a significant fiscal tightening so soon after the election. "The burden of policy tightening this year will, therefore, continue to rest with monetary policy," he said.

Mr Brown has promised not to raise income tax rates or to extend VAT to items such as food and children's clothes. But he still has several options to raise revenue should he choose to do so.

Mr Brown has described the measures to be financed by the windfall tax as the first building block of a new welfare state.

The new government's economic inheritance



Tories suffer less in local elections

By Alan Pike in London

The Conservative Party gained a little comfort after its crushing general election defeat when the results of Thursday's elections in municipal authorities were declared yesterday.

Elections to English county councils and new unitary authorities were held at the same time as the general election. These resulted in the Conservatives regaining control of a number of England's largest authorities including Hampshire, Kent and Surrey county councils.

UK local government elections often reflect national political trends, and are used by voters to express a view on the popularity of the party in power at Westminster. This had led to the Conservatives becoming an almost negligible force in local government over the past five years.

This week's local elections will considerably increase Conservative influence in local government.

In parts of the country the Conservative success reflects local government reorganisation, which has taken some large urban areas out of county council control. Conservative candidates also regained seats lost when the counties were last contested in 1993. In Lincolnshire the party won 12 seats from Labour, Liberal Democrats and independents to take control of the council.

"It is a striking fact that, on the very day that Labour did so well in the general election, we have seen the beginning of a Conservative revival in local government," said Mr Paul White, leader of Britain's Conservative councillors.

Holding the local government polls alongside the general election more than doubled the usual turnout. In spite of sweeping gains made by Labour and Liberal Democrats nationally, however, there are indications that some voters made entirely separate choices in the two polls.

Sinn Féin victors to step up pressure for role in talks

By John Murray Brown in Belfast

The City Hall in Belfast, the capital of Northern Ireland, was briefly overrun by triumphant republican supporters yesterday as Mr Gerry Adams, president of Sinn Féin, regained the West Belfast seat that he held between 1983 and 1992.

Mr Martin McGuinness, Sinn Féin's chief negotiator in talks with the British and Irish governments, took the Mid Ulster seat from the Rev William McCrea of the hardline anti-republican Democratic Unionist party.

Sinn Féin, the political wing of the Irish Republican Army, will for the first time have two MPs in the House of Commons. But they are unlikely to take their seats because of Sinn Féin's insistence that the Westminster parliament has no jurisdiction in Ireland.

The result is certain to increase the party's demands to be included in the multi-party talks about the future of Northern Ireland which are to reconvene on June 3. It will also put renewed pressure on the incoming Labour government ahead of the tense summer season of ceremonial marches by Protestant and Roman Catholic organisations.

Mr Adams said the result sent a clear message to London and Dublin that "the people of West Belfast have a right to be treated as equals".

Mr Tony Blair, the prime minister, said he had no reaction to the result. During the campaign Labour has insisted on a credible IRA ceasefire before Sinn Féin can be admitted to the talks on Northern Ireland's constitutional future.

Ms Mo Mowlam, who is set to be named as Northern Ireland secretary over the weekend, is expected to make a trip to the province early next week.



Gerry Adams (left) and Martin McGuinness: Sinn Féin now has two MPs in the Commons, although neither is likely to take up his seat. Sinn Féin says the Westminster parliament has no jurisdiction in Northern Ireland.

Goldsmith party 'forced EU onto poll agenda' Major's team swept away

By Liam Halligan, Political Staff

The big gap between the number of votes cast for Labour and Conservative candidates means the 3 per cent polled by Sir James Goldsmith's Referendum party did not greatly influence the outcome, even if it came entirely from disillusioned Tory supporters.

A week before the election, "Europe" was the third most important issue in voters' minds according to the MORI polling organisation, behind health and education. At the same stage in 1992, it was only ninth.

However, there is no evidence that the Referendum party was responsible for this. As the election approached, the main parties might have become more sceptical towards the single currency anyway.

Most studies will simply record that, on the night, the party did not come close to winning a seat. Sir James puts that down to an "eleventh-hour attack of nerves" on the part of his supporters.

He maintains that two-thirds of the country backs his policy of a referendum dealing with British-European relations in a broader sense, but that many succumbed to fear.

"Voters want to believe what their parties tell them," he said. "Many are frightened of switching their ancestral allegiance from the Tories. It's entirely human."

More serious historians will note creditable Referendum party performances in certain constituencies. Discontent among fishing communities brought the party more than 3,400 votes in St. Ives; Sir George Gardiner, the Tory defector, took 3,300 in Reigate; and in Braintree, the party's 2,100 votes helped unseat Mr Tony Newton, former Leader of the Commons.

Major's team swept away Opposition to devolution may have to be abandoned

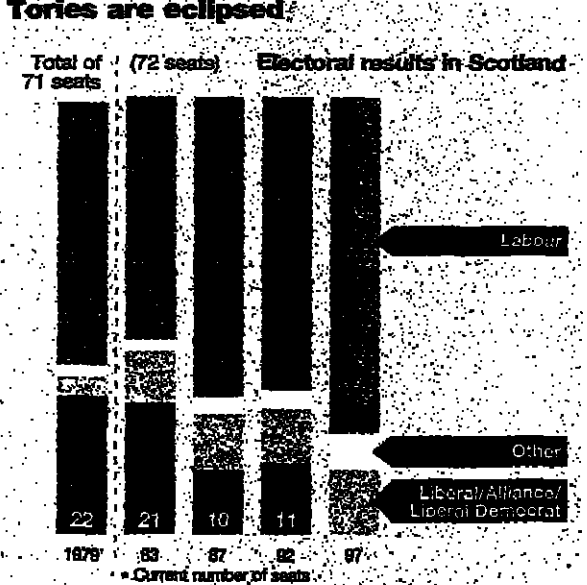
By James Buxton in Edinburgh

Scottish Conservatives, shocked by a cataclysmic defeat in the UK general election which left them without a single seat in Scotland, yesterday raised the possibility of abandoning their policy of opposition to constitutional change for Scotland.

In a reassessment of the Conservatives' policy on devolution following their poll disaster, Mr David McLetchie, president of the Scottish Conservative and Unionist Association, said "nothing should be ruled in and nothing ruled out".

Two well-known personalities in the Scottish party, Mr Brian Meek and Mrs Christine Richard, spoke in favour of devolution in media interviews. Although their support for creating a separate parliament for Scotland is well-known in the Scottish party they have recently been silent on the question.

But Mr Michael Forsyth, the former Scottish secretary who campaigned vigorously in the election against Labour's devolution policy, told a press conference in Edinburgh that "you don't go into an election driven by an issue of principle, and then change your opinion immediately afterwards".



parliamentary seats, would say nothing about his plans. But he maintained "for the immediate future I do not see myself being involved in any political activity".

Mr Jackson Carlaw, deputy chairman of the Scottish Tories, said the party had suffered "a setback of almost Biblical proportions", and would have to change radically if it was ever to recover. It would have to reflect on the lessons which the electorate had given it, he said.

However, Mr Carlaw added: "I think it would be rather foolish of us to do a complete volte-face on an issue of principle within 24 hours of an election result."

Despite fielding 547 candidates, the party was allocated only one election broadcast, the same as several fringe parties fighting fewer than 60 seats.

Mr Forsyth, one of a batch of ministers who lost their

rather foolish of us to do a complete volte-face on an issue of principle within 24 hours of an election result."

The party will soon have to confront the devolution issue because the Labour government is due to publish a government paper on its plans for an Edinburgh parliament, which are to be submitted to a referendum in the autumn.

The Conservatives will have to decide what policy to advocate in the referendum. A minority of Scottish Tories attributes much of their party's unpopularity in Scot-

land to the anti-devolution policy.

Others see a forthcoming Scottish parliament as a springboard for the party's recovery. Under Labour plans, the parliament would use a system of proportional representation in electing its members which would mean the number of MPs would be more closely related to the party's share of the vote.

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Mr Blair's remarkable inheritance

If Baroness Thatcher had buried £1 in the garden of No 10 Downing Street when she became prime minister on May 3, 1979, it would have been worth just 85p when Mr Tony Blair arrived yesterday to dig it up after Labour's victory.

Defeat of inflation was the first priority of the Thatcher government. Eighteen years later, her successor, Mr John Major said that controlling prices had been his most important achievement.

The voters were not impressed. But the legacy of Thatcherism has been profound. It changed the terms of economic debate so radically that Mr Blair freely acknowledges its achievement. And his victory was partly based on the strategy of adopting targets and policies developed by the Conservatives in government. The remarkable depth of this transformation was shown yesterday by the market reaction to the Labour landslide.

UK gilts and equities rose, and sterling showed the merest wobble.

While French socialists still think shorter working hours will cut unemployment, the link between jobs and flexible labour markets is accepted across a wide spectrum of British politics. It was not always so. Soon after her accession, Baroness Thatcher was lecturing her opponents: "Pennies do not come from heaven. They have to be earned here on earth." Preaching was not enough, however. It took a bruising battle with the civil service unions and, more famously, with the miners to force the message home.

Those who cheered Mr Blair into Downing Street yesterday may have forgotten, or never known, the chilling sense during

the late 1970s that Britain had become ungovernable. Unions seemed able to defy the law with thuggish insouciance. Pay increases surged repeatedly against official barriers which leaked and creaked and then inevitably were breached. Sterling had been humiliated in the currency markets and the government had been forced to hand the nation's financial management over to its banker, the International Monetary Fund. After a steady relative economic decline and the depressing cycles of inflation and devaluation, Britain was losing the respect of other industrialised nations. Worst of all, it was losing heart.

If this now seems like a tale from a distant land, that is another measure of the

Conservatives' achievement. When Baroness Thatcher rode in triumph into Downing Street she was, like Tony Blair, young, determined and relatively untried. She was much less dogmatic than the fiery utterances of later years might suggest. The progression from her general desire in 1979 to roll back the frontiers of the state to the huge privatisation programme of the mid 1980s started slowly and even tentatively.

However once started, it gathered a momentum undreamed of even by most Tories. The market value of all the privatised assets now exceeds £100bn. But Conservatives' achievement was less the scale of the sell-off than their success in convincing even

opponents of the advantages of private ownership. To be sure, serious mistakes were made. British Gas should have been broken up. Regulation should have been stronger and more attention should have been given to the possibilities of introducing competition into monopoly industries. However, some of these defects have been remedied. And those which are left should not obscure the fact that this was a huge achievement carried through against fierce opposition.

Privatisation, the curbing of union power and a series of deregulation measures, starting with the abolition of exchange controls, have changed Britain into a much more market economy. Staunch Tories might want to add: the reduction of the

top rate of tax on earned income from 83 per cent to 40 per cent (a cut which Mr Blair now agrees was right). What Baroness Thatcher started with dogged persuasiveness, Mr Major has consolidated with dogged persuasiveness. If he did not win over the electorate this week, he certainly seems to have convinced the opposition.

It is still too early to be sure how much this shift has been reflected in an improvement in the UK's long-term growth potential. However, the continuing fall in unemployment is a pointer to the soundness of the Blair inheritance.

In terms of public finances and inflation prospects, the legacy is less happy. Inflation running at an annual rate of 2.6 per cent is much less than the average of

nearly 6 per cent for the whole Conservative period, but it is above the official target and high by international standards. Public borrowing is also too high and will present an immediate challenge to the Blair government. Nor did the Conservatives succeed in reducing public expenditure much below the 42 per cent of GDP in 1979.

Apart from their bitter divisions over Europe, inflation was their nemesis. The "miracle" of the mid 1980s ended in inflation and then recession, with unemployment reaching 3m. The Conservatives' unpopularity never fully recovered, particularly after the humiliating failure to keep the pound anchored to the anti-inflationary discipline of the European Exchange Rate Mechanism. But this is now a past era. Mr Blair starts with an economy in good running order and, so far, a clean licence.

From the lofty heights of achievement

The new prime minister is in a commanding position, says Philip Stephens



You could breathe the elation in Downing Street. As Tony Blair contemplated his awesome victory, a dozen emotions must have jostled for his consciousness.

Yet he spoke with seriousness and sobriety. In the few short hours between victory and his arrival at the threshold of No 10, Mr Blair had said it a dozen times: "We were elected as new Labour. We will govern as New Labour." He will.

An hour or so earlier John Major has acknowledged the inevitability of his departure not just as prime minister but as leader of his devastated party. With middle-English stoicism, he went to watch the cricket. But it was middle England that turned him out of office.

For the new prime minister, Disraeli's One Nation epithet is no idle daydream. He sees no contradiction between prosperity and social cohesion, no refutation of opportunity for the less fortunate in rewards for enterprise.

We should not expect glitz in the first 100 days. Instead Mr Blair's intent is to demonstrate steadiness and competence. He will take his time. Neither, though, should we be misled by the initial caution. In winning by such an extraordinary margin, Mr Blair has all but assured himself of two terms in government.

There is no need for haste. It is tempting at such moments to strike a contrarian pose, to enumerate the inevitable perils and pitfalls which lie ahead. They are readily listed, ranging from the trivial to the momentous, from the creation of an effective cabinet to the necessary deflation of the extravagant hopes of an expectant nation.

Mr Blair's inner cabinet had spoken for itself. There would always be places at the top table for Gordon Brown, Robin Cook, John Prescott, David Blunkett, Jack Straw, Margaret Beckett and Lord Irvine. The other choices will be more difficult: his erstwhile shadow cabinet is raw in its inexperience, less than a celebration of talent. When he completes his appointments today, Mr Blair will not stick to the rules which say his entire shadow team must be given a place. But never will there be a bloodbath of the older guard.

Then there is the nation. Mr Blair promised little during the election campaign. That is why

the voters judged it safe to take such brutal revenge on the Conservatives. But human nature lives in hope. There will, at some stage, be great disappointment when it is understood there are no magic wands to be waved over the health and education services, no instant fixes for an economy which looks better than it is. Doubtless too we can expect any number of learned dissertations on the problems of governing with such a large majority.

But there will be time enough for such churlishness. We can look to the hard detail of his dilemmas in weeks and months to come. This is the moment to consider the opportunities presented by Mr Blair's achievement. In policy towards Europe, the nation's political fabric and the welfare state, the prime minister has the latitude to deliver the radicalism he has promised.

Never mind that the election was first and foremost a defeat for the Conservatives. Herbert Asquith in 1906 and Clement Attlee in 1945 were both swept to office on an anti-Tory tide. That fact proved no inhibition to their bold ambition.

Take Europe first. This was to have been the election which offered decisive vindication for the Eurosceptics. More than 200 Conservative candidates took the shilling offered by the millionaire Paul Sykes to rule out Britain's participation in a single currency. Sir James Goldsmith spent millions in the cause. Mr Major himself demeaned his campaign by raising the spectre of an uncontrolled slide into a European superstate.

All were brushed aside by an electorate which harboured altogether different aims. While the Conservatives fight over the leadership of their party, Mr Blair can now begin to present Europe as an opportunity, not a threat. Much of the business community can be enlisted to the cause. This does not mean he could, or should, sign in its present form the draft treaty to be presented in Amsterdam next month. There are formidable objections to its proposals for more joint decision-making on foreign policy and border controls and for a flexible

ity mechanism to allow selective integration.

But there is a deal there to be done. There is a different opening also for Mr Blair in the chaos in the Tory party. A wise prime minister might offer parliament a free vote on any new treaty, seeking to draw Kenneth Clarke, the former chancellor, and his allies into a pro-European cross-party consensus at Westminster.

As for a single currency, I suspect that, even with such a resounding mandate, Mr Blair will choose to remain a step or so behind the vanguard. As of now, there is no provision for the necessary legislation in the Queen's Speech which must be finalised by Tuesday evening. But Gordon Brown, the new chancellor, will not slam the door completely. And in standing aside, the government could yet present itself as a temporary absentee.

Consider next Mr Blair's commitment to political pluralism. Here the election result gives him a unique mandate. In Scotland and Wales, the Conservatives have been obliterated. More importantly, Mr Blair has won a comfortable majority of English seats. A Scottish parliament and a Welsh assembly can no longer be presented by his opponents as a sop to New Labour's Celtic fringe at England's expense.

If he is serious about wider political reform, the prime minister will welcome too the advance of Paddy Ashdown's Liberal Democrats. His majority leaves him free to make his own decisions, but co-operation offers a route to broad public consent for dismantling the centralised state.

In addition, it may not be long before Scottish Conservatives reach the obvious conclusion that their best hope of resurrection lies in an Edinburgh parliament. As for the House of Lords, it cannot pretend it has the right to disrupt the passage of legislation so decisively endorsed by the people. We must hope Mr Blair means what he says when he speaks of a new style of politics.

The outcome in Ulster, which saw the election of Gerry Adams and Martin McGuinness of Sinn Féin/IRA, is less comforting. In its deeds in recent weeks, the

Republican movement has shown it views politics merely as an adjunct to violence. There is no prospect of its immediate entry into the political process.

But even here Mr Blair has a special authority. He can exclude Sinn Féin from multi-party talks in the province for as long as they prosecute their terror. But, if it any stage Messrs Adams and McGuinness were to demonstrate an unequivocal commitment to peace, the prime minister would not live, as had Mr Major, in the shadow of Northern Ireland's unionists.

Then there is the economy. Here Mr Blair is at his most constrained. The advice from the Treasury will be for an immediate rise in interest rates and, most probably, some tightening of fiscal policy in the Budget planned by Mr Brown for June or July. There will also be early battles to be fought in cabinet over the public spending totals.

So far all the new chancellor has told of this Budget is that it will have the windfall tax on privatised utilities and a parallel welfare-to-work programme for the young unemployed. I suspect he would like to be more ambitious, at least in setting the direction of future tax and welfare reform. But once again he has time. There will be five Brown Budgets before the voters return to the polling booths.

As for the Conservatives, their present dismal condition is eloquently described on the adjacent page by Douglas Hurd. What remains of the party at Westminster has a stark choice. It can begin the slow march back to the centre ground of politics surrendered so fatally to Mr Blair. Or it can continue its civil war over Europe and march further along the route to narrow English nationalism. No-one hopes more than Mr Blair that it will choose this latter course, most visibly by opting in the looming contest for the leadership for John Redwood or Peter Lilley rather than for Kenneth Clarke.

The prime minister meanwhile applies his colours to a blank canvas. The Queen's Speech will provide an outline sketch, the Budget will fill some additional detail. He wants to make a mark in these early weeks and months. Politics demands momentum. But the painting will not be completed for several years, perhaps not for a decade. Of one thing, though, we can be certain. It will be a work of the New Labour school.



What can business expect from Labour? There is bound to be uncertainty over the big macroeconomic picture - interest rates, budgets and the exchange rate - though not through any fault of Mr Gordon Brown, the incoming chancellor.

In essence the new resident of Number 11 Downing Street confronts a lop-sided boom in which consumer demand is extremely buoyant. By contrast, the tradable goods sector of the economy is being remorselessly squeezed as a result of sterling's recent appreciation against the D-Mark.

Sterling's initial response to Labour's victory was to fall, partly on the basis that a Blair government would be more sympathetic to European monetary union and would want a sterling depreciation before making any move.

Yet Labour's commitment to do nothing unless the cabinet, parliament and the electorate have all given their fiat, suggests there may be little action in the life of this parliament.

Gordon Brown will face important economic decisions early on, says John Plender

The business of government

The more potent influence on sterling may thus be the mix of fiscal and monetary policy. Yet the outcome is unpredictable.

A new Labour chancellor has good reason to heed the advice of the governor of the Bank of England in order to establish credibility with the markets. It is a near-certainty, then, that business will face a rise in interest rates after Mr Brown's first monetary meeting with Mr Eddie George next week.

The case for rebalancing fiscal and monetary policy in the summer appears strong given the poor state of public finances, succinctly captured in the latest issue of the National Institute Review.

It is also likely there will be some slippage in the implausibly tight Tory public spending plans that Mr Brown proposes to adopt.

Such a rebalancing, many analysts argue, would have the advantage of taking the pressure off interest rates and sterling. Yet the links between fiscal policy and the exchange rate are indirect and uncertain.

Investors in the world's largest creditor country, Japan, where long bonds look vulnerable on a yield of less than 2½ per cent, may be seduced by nearly 8 per cent on Mr Brown's long-term IOUs in the light of his manifestly orthodox fiscal instincts. Sterling, like gilts, would then see more upward pressure.

Labour has been here before. It is not an easy conjuncture to manage; and there are risks in talking a currency down when trying to establish credibility with the markets.

The politics of a summer Budget that goes beyond the wind-

fall tax on utilities are also difficult. At stake is the fate of British manufacturing, and Labour's ability to deliver non-inflationary growth, investment and jobs.

On microeconomic policy Labour can offer more tangible reassurance. Its manifesto for business emphasised the importance of profits and of competition. The question is whether the new government can live up to that promise.

Equally striking is the effort made in the business manifesto to draw the sting from controversial commitments such as the social chapter. It declares that Labour will not agree to extend qualified majority voting to social security or co-determination in the boardroom.

It will aim to keep matters of pay and the right to strike outside the scope of the social

chapter. And, in considering any new proposals, Labour "will make sure the issues of employability and competitiveness are central to the decision-making process".

Given the waning appetite in continental Europe for such measures, Tory scaremongering on this score looks overdone.

As for the minimum wage, Goldman Sachs, the investment bank, argues that it is unlikely to be set at more than £2.50 - far below the level demanded by the unions. Because of the potential risks to employment, it adds, Labour's instincts will be to err on the side of caution. On industrial relations, there are firm pledges against turning back the clock.

Taxation raises a more difficult question. The declining yield from corporation tax and its bias towards dividend distri-

bution make it an obvious case for treatment.

If tax-exempt pension funds lose more of their tax credit on dividends, that cost will ultimately fall on industry. The implications for business of Labour's proposals in the main manifesto for stakeholder pensions are hard to assess until more flesh is put on the bones.

As for Labour's interest in a tapering rate of capital gains tax, the avoidance opportunities pointed out by the Commission on Public Policy and British Business may well swing the argument against.

In competition policy, there are signs that Labour's enthusiasm for subjecting hostile takeovers to a public interest test has cooled. It would not be surprising if efforts to slow the frenetic trade in companies were to take the form of moral suasion to

revise the Takeover Code. The level of shareholding at which a predator company is obliged to make an offer to all shareholders could, for example, be reduced. Many in the City would scarcely bat an eyelid.

Whether Labour will find it any easier than the Tories to put private-sector money and management to work in the public sector remains to be seen. But its plan to have every government department draw up a publicly visible asset register by November is a sound financial discipline and an intriguing business opportunity for the private sector.

The one area where Labour's pro-business stance evaporates concerns the windfall tax and the utilities. In the business manifesto, Mr Brown talks of the need for a fair, as well as a prosperous, society. The implicit warning is clear. Corporate malpractice may prompt a backlash.

But the key to success for the new Labour government remains macroeconomic policy. The right decisions on sterling, the first budget and European monetary union are all crucial.

It is natural after being cast into the wilderness to spend the first days complaining about the rocks, the heat and the poor quality of the water. After that, you have to start making things grow.

This will not be easy for the Conservative party. But there is no choice if we are to survive in the wilderness and return at a distant day to the promised land.

No one can blame John Major for calling it a day. He owes the Conservative parliamentary party nothing. The debt is the other way round. He fought a good campaign.

Indeed the high point of the election came when he hijacked a morning press conference and party election broadcast to put over his personal and powerful case on Europe. By contrast too many Conservative MPs in the last parliament carried self-indulgence to the point of disloyalty. The clearest tribute to him is the extent to which Tony Blair has appropriated his policies and announced an intention to build on them.

The main difficulty of the new government will take some time to emerge. Although the spending pledges in the Labour manifesto were limited, the expectations aroused in the constituencies are huge.

People support New Labour because they believe it will provide extra money for schools, hospitals, pensions, and every other good public cause. The size of the Labour majority will add to these expectations.

This makes it even more difficult for Gordon Brown to insist that "Tory cuts" are now Labour cuts and that he must hold to his spending totals for two years, as he has pledged. As the months pass, this subject may provide the most fertile field for intelligent opposition.

The main problem for the Conservatives remains Europe. Those of us who believe strongly in British membership of the European Union have to acknowledge that the voters showed a real anxiety about the course of the EU and strong opposition to total integration.

The UK's partners in Europe would be foolish to suppose this is the result of



Direction out of the wilderness

Douglas Hurd argues that the Conservatives need to develop a balanced vision of Europe

weak Conservative leadership. It is a political fact for all British governments. Indeed our partners need to beware of similar reefs under the surface of their own political life.

Unfortunately that fact misled some Conservatives into supposing there was a pot of votes if they showed themselves sufficiently nationalist and scornful of our European partners.

In this they were urged on by the press. It is a damaging accident that all five of the national daily newspapers most often read by Conservatives have for years been deeply critical of the Conservative government's policy towards Europe.

That is their right. But the result has been a dearth of factual reporting of what happens on the continent.

lionaires - one threatening candidates with opposition from the Referendum party, the other offering a juicy carrot to candidates who diverged from official policy on the single currency.

All this amounted to an outburst of patriotic fervour but to the appearance of a nervous breakdown. The British electorate has joined our partners on the continent in making this assessment. They have their doubts about Europe but they are not deaf.

The Referendum party was humiliated and there has been a big swing to parties which are to some extent more favourable to European integration than the Conservatives. Looking at the constituency figures it is hard to detect a relationship between the swing against a Conservative candidate and his or her views on Europe.

The pot of anti-European votes was just not there. What was evident was confusion and dissent. This self-inflicted damage is not new. Over the years valid British proposals on Europe - for example in the government's white paper last year - have been continuously obscured and robbed of their strength by spasms of apparently uncontrollable emotion.

The Conservative party now has a chance to cure itself. We should not wander further into the wilderness as Labour did under Michael Foot after the defeat in 1973.

We should not delude ourselves that we lost because we were not sufficiently dogmatic or extreme.

We should indeed continue strenuously to oppose the social chapter. Here the Labour party is out of data. It is joining the reactionary tendency in the EU which

still hangs on to the belief that a regulated labour market and high social costs are an essential mark of European civilisation. France, Germany and Italy are struggling to lighten these burdens on themselves just as the Labour party proposes to clamp them on the UK.

As regards the single currency, there is no need and no advantage for the Conservative party to alter its line. I am not a fan of the project and continue to believe, as I argued in the Financial Times more than a year ago, that it should be postponed in Europe's interest.

But if it goes ahead more or less on time, if it succeeds and if we begin to lose blood as a result of staying out of government, parliament and the people in a referendum will need to weigh those facts against the political price of joining.

These are big ifs. They may not come to pass. The elements in the equation do not exist at present for a valid judgment. But the possibility does exist in the medium term and it is not realistic to rule it out.

The Conservative party needs to get back into closer contact with British business on European issues. We drifted too far apart, with the result that more and more business leaders found our rhetoric was damaging Britain's interests even if they broadly supported our policies.

Above all, we need to bring some balance back into the presentation of European issues. Our leaders need to return to emphasising, as they once did, the big advantages to Britain of completing the single market, of co-operating in foreign policy in Europe, of enlarging the European Union to include in the near future at least the successful central European countries.

Once the advantages are stressed, accompanying criticisms can carry some weight. All this will take time to think through and get right. But as it happens, time for reflection and for the renewing of relationships is the one thing which the electorate has bestowed on us.

By Monday the situation is becoming desperate. The children start asking if anything is wrong. A call to BT provides the unwanted assurance that the telephone line is in perfect working

The author was foreign secretary 1989-95

The torture of the minister in waiting

Many Labour MPs will stick close to the phone this weekend waiting for that call

Two days after Winston Churchill won the 1951 general election, a successful Conservative MP entertained some friends to a celebratory Sunday lunch. He had high hopes of being asked to join the new government, but thus far the telephone call had not come.

Halfway through lunch, the butler - Tory MPs still had butlers in those palmy days - entered the room and announced: "Mr Churchill is on the line, sir." The assembled company fell silent as their host walked quickly to the telephone in the hall.

"Randolph here," a voice boomed. After a long pause, Winston's son inquired: "Were you expecting a call from someone else?"

Several scores of Labour MPs will be going through a comparable torture by telephone this weekend. Early yesterday morning, the campaign was finally over. The battle won, the triumphant candidate swore loyalty to the constituency, embraced the family, thanked the cheering supporters, learnt the party leader would be on the way to the Palace in the afternoon and started to wonder.

Does the chief whip know they have recently moved house? Does he have the new phone number? Better stay at home and make certain no call is missed. So the family outing to the cricket match on Saturday afternoon is cancelled. On Sunday the in-laws are persuaded that lunch had better be at the MP's home rather than at their place.

By Monday the situation is becoming desperate. The children start asking if anything is wrong. A call to BT provides the unwanted assurance that the telephone line is in perfect working

order. A burst of irritation follows when one of the teenagers occupies the phone for too long.

The call finally comes minutes before the Six O'Clock News when a further list is to be announced. The relief is such that determination to stick out for one of the big departments - Treasury, Home or Foreign Office - evaporates with the official's preamble: "The prime minister would like a word with you."

A parliamentary under-secretaryship at the agriculture ministry is accepted with pleasure and a promise of undying support. The job accepted, the backbencher becomes a minister of the Crown. Another call will come, this time from the secretary of state. After the congratulations, the junior minister will be told his responsibilities and, inevitably, his new boss will suggest a first meeting that night or, at the latest, the following morning. Family farewells are said, diaries scrapped, and life in Whitehall begins.

The process by which ministers are chosen is the stuff of legends. Stories abound of prime ministers ringing the wrong man with the right name or not knowing their junior colleagues.

In 1895, when government was much smaller than now, the Pall Mall Gazette reported the following incident when Lord Salisbury, then prime minister, was

walking across Horse Guards Parade with Mr Akers-Douglas, his chief whip. A gentleman passed and just raised his hat.

"Douglas," said the prime minister blandly, "pray, who is that fresh-looking young man?"

"That, Lord Salisbury," answered the whip, "is a member of your government - Walter Long, the parliamentary secretary to the Local Government Board."

But out of this extraordinary process with its lists and endless revisions of lists, comes a new government. It is a melding together of more than 100 people, few of whom have ever worked with each other. On their collective shoulders lies responsibility for the country.

I remember my first morning at the Foreign Office and my sense of sheer amazement when I walked into a high Victorian room and two young men snapped to their feet and said in unison: "Good morning, minister."

That same day, after countless briefing meetings, I went home laden with three red boxes. "My first red boxes," I said with some pride to my new government driver.

"Yes," he said, "you'll find it hard to get away from those." He was so right.

Looking back on those exciting ministerial days, I wish well to the recipients of the telephone calls. It is worth the wait, but remember the words from Milton's Lycidas: "Fame is the spur that the clear spirit doth raise/To scorn delights and live laborious days."

The warning is just two lines later: "Comes the blind Fury with th' abhorred shears/And slits the thin-spun life."

Enjoy the red boxes while you have them.

Tim Renton

The author served as minister under Baroness Thatcher and John Major, including as chief whip 1989-90.



Renton: wishes the recipients of calls well

Samuel Brittan

Better than you deserve

Labour could have won the election on a much more anti-capitalist platform



Supporters of the Thatcher revolution may feel sore that the high places of government - including the advisers and people running quangos - are to be filled by people who are not "one of us".

More highbrow supporters of competitive market capitalism may feel the electorate needs to go back to school.

Members of both these overlapping camps should, however, take heart. If New Labour has made even a fraction of the changes in attitude that its leader, Tony Blair, has promised, UK capitalism will be far more unconstrained than the electorate really desires.

It has occurred to me frequently since Mr Blair became Labour leader that his party would have almost certainly been on course for victory even if the process of policy reform had gone no further than Neil Kinnock was able to take it. Indeed, Labour would quite likely have won with a younger version of Michael Foot - if the image-merchants could have persuaded him to jettison his duffle coat and stick. This is because the British public remains hopelessly collectivist in its attitudes.

Opinion polls today concentrate on performance issues rather than policy issues. They ask people how well various parties have performed or are likely to perform. Yet there are some policy attitudes to be discerned - particularly in the British Social Attitudes Survey, the most authoritative long-term snapshot of public opinion in the UK.

In spite of the fact that the Conservative government did little more than stabilise the public spending ratio, a large majority now say they want it to go higher still. And most people say they want more spending on health, education and social benefits - even if it means they have to pay more tax.

There may be some hypocrisy and self-deception here. Labour's ill-fated "shadow" Budget presented before the 1992 election is widely blamed for the party's defeat, with its promise of higher taxes to pay for higher benefits. But it is difficult to dismiss the findings that more than 60 per cent favour "tax and spend" and only 5 per cent support the reduction of taxes.

It is, of course, possible for an enlightened pro-capitalist to support greater social spending and a measure of redistribution. But anyone hoping that the public would like more cash redistribution or vouchers so citizens could make up their own mind on spending their transfer incomes would be whistling in the dark in view of the contrary survey evidence.

A much greater priority for unemployment over inflation could simply reflect the fact that inflation is now very low. But alas it does not a similar order of priorities was shown in earlier years when unemployment was lower and inflation much higher.

Another answer shows the prevalence of the illusion that we can help the less well-off by transfers from "the rich" without affecting middle-income pockets. The support for higher unemployment pay will not encourage those economists who believe that a high benefit floor has a lot to do with European unemployment levels. As for "Big business

benefits owners at the expense of workers", I am afraid this represents something much more hostile than a call for tighter anti-monopoly laws.

Specific questions on what macro-economists regard as hard-core policy matters are more rarely asked today. But the questions asked by the survey well into the 1980s showed a majority of respondents still believed that inflation was best tackled by price controls - even after nearly a decade of Margaret Thatcher. This is like controlling a burst pipe by putting your finger in the tap.

Majorities also believed that unemployment should be tackled by the self-impoverishing route of job-sharing and compulsory reduction in hours. Why then should the mass media bother to attack the European social chapter? British popular desires to control pay and working conditions go far beyond the interpretation put on the chapter by most European Union governments. (The latter, of course, now want to shift the emphasis towards making labour costs more competitive.)

Even when there were pro-business sentiments in the surveys of the 1980s, they were very anti-free market. For example there was strong support for the idea that "the government" should invest in British industry, and also that it should protect UK companies by import controls.

Thus it is partly a matter of luck for those of us who believe competitive capitalism is the least bad economic system that Labour elected a leader who partially shares this belief and yet has managed to maintain control of his party. One does not have to be starry-eyed about this. Mr Blair had nothing to lose from making victory doubly sure by carrying along a group of business faces in addition to the regulation army of luvvies, dons and media types.

But office will be different. The real battle for ministers will not be to defend residual slightly left measures such as the windfall tax. It will be to explain - as James Callaghan sometimes tried to do - the benefits of profits, incentives and competition to an indifferent or hostile public.

A survey of my own, conducted in the 1970s among UK political commentators, economists and politicians, showed that although the Conservatives had succeeded in making nationalisation a dirty word, the vast majority had, almost irrespective of partisan preference, no conception of the function of markets and prices.

Does any of this matter? As Adam Smith said: "There is an awful lot of ruin in a nation." If most people understood how the economic system worked there would be no need for economists except to produce highly dubious numerical estimates so we could all have a good laugh.

Rather more important: it is the function of leaders to lead. If they understand what needs to be done - even if only intuitively or through having the instinct to take the right advice - with luck the population will follow. We have had too many politicians who echo the German playwright Bertolt Brecht, "I am their leader, I must follow them."

But I am left with the question of whether there is such a thing as economic literacy. Is there a body of data and plausible cause-and-effect relationships which could be shared by everyone from Milton Friedman to modern-minded left-of-centre finance ministers? And if there were, who would be prepared to listen?

Economic Ideology

By area (%)

Scotland North Wales Midlands London South

Unemployment should be a higher priority than inflation

There is one law for the rich and one for the poor

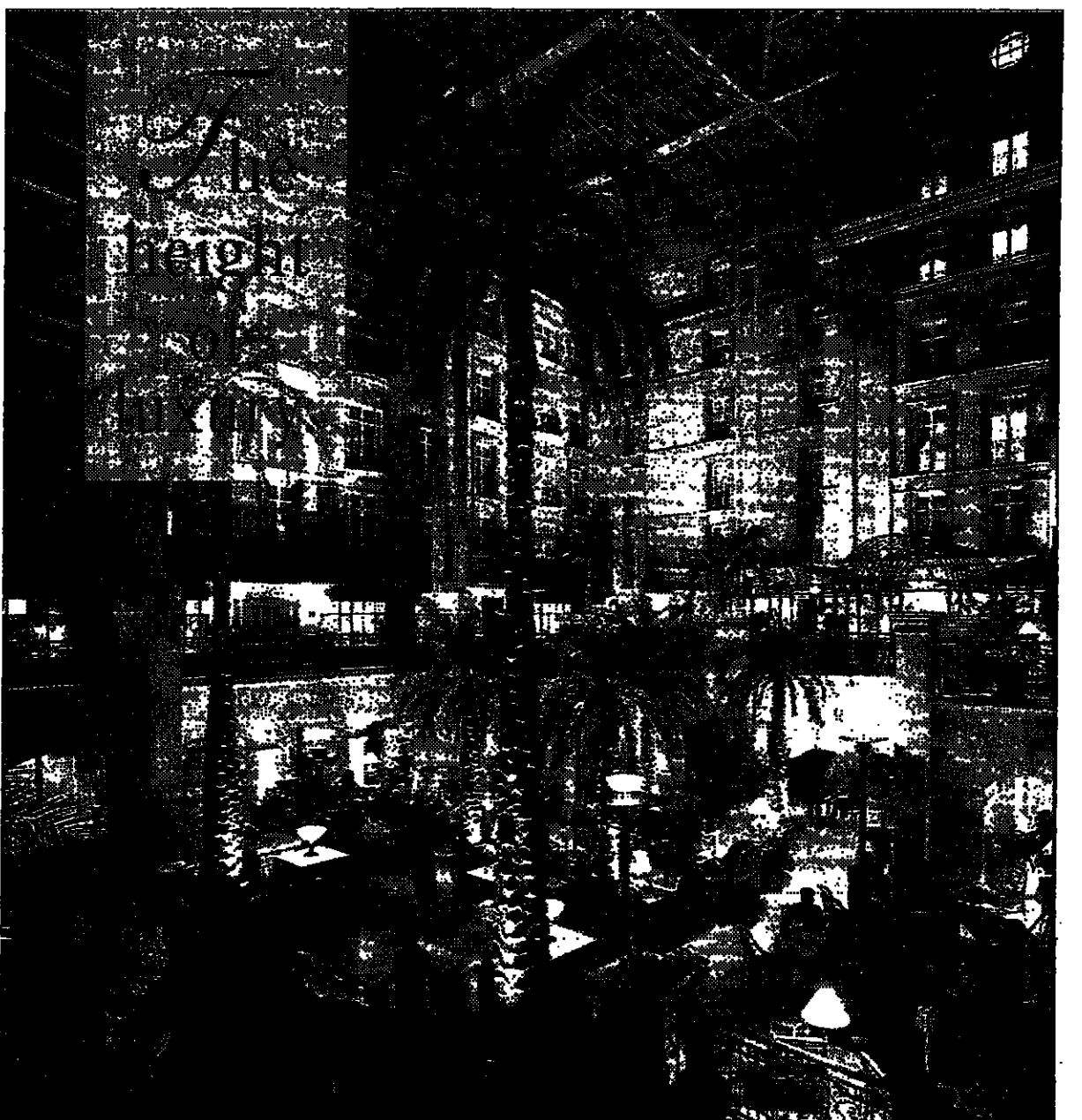
Ordinary people do not get their fair share of the nation's wealth

Unemployment benefit is too low and causes hardship

Big business benefits owners at the expense of workers

Government should redistribute income from the better-off to the less well-off

Source: British Social Attitudes, 13th report, 82-94, 1995



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COMMODITIES AND AGRICULTURE

Copper flat despite end of strike

MARKETS REPORT

By Gary Mead

The shadow of the long weekend hung over trading on the London Metal Exchange yesterday, with even copper - which has undergone a volatile couple of weeks - drifting lower.

Reports that the short-lived strike at Chile's Escondida copper mine had ended appeared to have little influence on closing prices. The three-month contract ended the day unchanged, at \$2,360, having earlier fallen as low as \$2,336 a tonne, on news that LME stocks had increased 2,175 tonnes. The premium for each metal over three months eased to \$70.

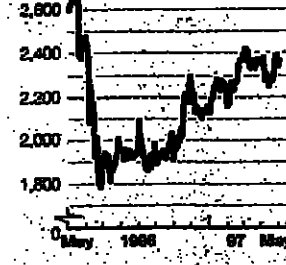
Oil prices also edged lower, for the second day running. The benchmark June contract for Brent was sharply down, by 35 cents, to \$17.94 in late trading on the International Petroleum Exchange. Traders pointed to unusually warm weather in Europe, as well as increasing crude supplies as western refineries get back to capacity after maintenance work, as factors.

Cocoa failed to recover much recent lost ground, as the July contract close \$5 higher at \$994 a tonne, in this volume trading on the London International Financial Futures Exchange. The market's perception that Ivory Coast supplies will be better than forecast was seen as making more unlikely a rally in the short term.

The London-New York split over coffee prices, with the London-traded robusta

Copper

LME 3-month metal (\$ per tonne)



Source: Datastream

LME warehouse stocks

Tonnes	Change
Aluminium	75,250 -2,200
Aluminium alloy	64,490 -280
Copper	147,225 +2,175
Lead	50,295 -102
Nickel	432,375 +80
Zinc	11,265 +80

Yesterday's close

failing to follow in the foot-

steps of the New York-traded arabica, persisted yesterday. The July robusta contract closed only \$10 a tonne higher at \$1,690, having reached a high point of \$1,990 in the day. In New York, concern over immediate supplies of arabica continued to underpin a bullish market; the July future achieved a new peak of \$2.25 a pound in early trading, before falling back to \$2.17.

In the US, the CBOT July soyabean future soared to a fresh peak in early trade, at \$3.96 a bushel, the highest since August 1988. The rise was prompted by concern that the weekly crush figures published on Thursday by the National Oilseed Processors Association, putting the crush at about 25m bushels, were insufficient to keep pace with current demand.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Arrivals/Exports Metal Trading)

ALUMINIUM, 99.7% Purity (\$ per tonne)

	Cash	3 mths
Close	1597-98	1628-27
Previous	1597-98	1628-27
High/Low	1597/1598	1628/1617
AM Official	1597-98	1616.5-19.0
Kerb close	1624-5	
Open int.	276,468	
Total daily turnover	65,818	

ALUMINIUM ALLOY (\$ per tonne)

	Cash	3 mths
Close	1475-80	1500-10
Previous	1475-80	1500-10
High/Low	1475/1480	1500/1495
AM Official	1475-77	1500-05
Kerb close	1495-50	
Open int.	5,812	
Total daily turnover	1,148	

LEAD (\$ per tonne)

	Cash	3 mths
Close	614.5-15.5	625-28
Previous	614.5-15.5	625-28
High/Low	614.5/615	625/620
AM Official	610.5-11.5	623-24
Kerb close	622-3	
Open int.	36,886	
Total daily turnover	8,789	

NICKEL (\$ per tonne)

	Cash	3 mths
Close	7285-305	7410-15
Previous	7285-305	7410-15
High/Low	7285/7300	7410/7420
AM Official	7240-50	7360-55
Kerb close	7425-30	
Open int.	48,848	
Total daily turnover	10,979	

TIN (\$ per tonne)

	Cash	3 mths
Close	5720-25	5750-60
Previous	5720-25	5750-60
High/Low	5720/5730	5750/5760
AM Official	5690-45	5720-25
Kerb close	5745-50	
Open int.	16,728	
Total daily turnover	3,711	

ZINC, special high grade (\$ per tonne)

	Cash	3 mths
Close	1245-48	1265.5-66.5
Previous	1245-48	1265.5-66.5
High/Low	1245/1246	1265/1266
AM Official	1241.5-42.0	1261-41.5
Kerb close	1262.5-3.0	
Open int.	86,414	
Total daily turnover	25,798	

COPPER, grade A (\$ per tonne)

	Cash	3 mths
Close	2440-43	2367-58
Previous	2440-43	2367-58
High/Low	2440/2441	2367/2368
AM Official	2400-51	2380-1
Kerb close	2380-1	
Open int.	137,304	
Total daily turnover	41,621	

LME AM Official 5:30 p.m. 1,612

LME Closing 5:30 p.m. 1,620

Spot 1,622.3 1st 1,619.8 2nd 1,618.9 3rd 1,616

HIGH GRADE COPPER (COMEX)

	Settle	Day's price	High	Low	Open
May	111.70	-0.10	111.70	110.00	108.00
Jun	110.90	-0.35	110.90	109.00	107.00
Jul	110.25	-0.40	110.25	108.50	106.50
Aug	109.50	-0.45	109.50	107.50	105.50
Sep	108.75	-0.50	108.75	106.50	104.50
Oct	108.00	-0.55	108.00	105.50	103.50
Nov	107.25	-0.60	107.25	104.50	102.50
Dec	106.50	-0.65	106.50	103.50	101.50
Total	6,857	68,825			

PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

	Gold (Troy oz)	\$ price	\$ equiv. SFR equiv.
Close	338.80-341.10		
Opening	340.20-341.10		
Morning bid	339.80	211.253	498.758
Afternoon bid	339.85	210.492	498.367
Day's High	340.20-341.10		
Day's Low	338.80-341.10		
Previous close	340.20-341.10		

Local Gold Market Gold Lending Rates (vs US\$)

	1 month	3 months	6 months	12 months
1 month	4.70	4.70	4.70	4.70
3 months	4.70	4.70	4.70	4.70
6 months	4.70	4.70	4.70	4.70
12 months	4.70	4.70	4.70	4.70

Silver Price, 2000 oz, US \$200 equiv.

	Settle	Day's price	High	Low	Open
May	60.75	-1.38	60.75	59.50	58.50
Jun	59.75	-1.25	59.75	58.50	57.50
Jul	58.75	-1.12	58.75	57.50	56.50
Aug	57.75	-1.00	57.75	56.50	55.50
Sep	56.75	-0.88	56.75	55.50	54.50
Oct	55.75	-0.75	55.75	54.50	53.50
Nov	54.75	-0.63	54.75	53.50	52.50
Dec	53.75	-0.50	53.75	52.50	51.50
Total	56.75	56.75			

US INTEREST RATES

	Rate	Change
1 month	5.75	-0.01
3 months	5.75	-0.01
6 months	5.75	-0.01
12 months	5.75	-0.01

BOND FUTURES AND OPTIONS

NOTIONAL FRENCH BOND FUTURES (MATF) FR500,000

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Jun	128.50	128.48	-0.02	128.50	128.48	157,229	
Sep	127.94	127.92	-0.02	127.94	127.92	1,037	
Dec	97.48	97.48	-0.02	97.48	97.48	2	

LONG TERM FRENCH BOND OPTIONS (MATF)

	Strike	Call	Put	Call	Put
Jun	128.50	0.50	1.00	0.50	1.00
Sep	127.94	0.50	1.00	0.50	1.00
Dec	97.48	0.50	1.00	0.50	1.00

Germany

NOTIONAL GERMAN BOND FUTURES (LIEFF) DM250,000 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Jun	101.77	101.75	-0.02	101.77	101.75	187,887	
Sep	100.46	100.44	-0.02	100.46	100.44	2,952	

BUND FUTURES OPTIONS (LIEFF) DM250,000 points of 100%

	Strike	Call	Put	Call	Put
Jun	101.77	0.50	1.00	0.50	1.00
Sep	100.46	0.50	1.00	0.50	1.00
Dec	97.48	0.50	1.00	0.50	1.00

Italy

NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES

(LIEFF) Lire 200m 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Jun	128.08	128.04	-0.04	128.08	128.04	42,862	
Sep	127.08	127.04	-0.04	127.08	127.04	3,576	

ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIEFF) Lire 200m 100% of 100%

	Strike	Call	Put	Call	Put
Jun	128.08	0.50	1.00	0.50	1.00
Sep	127.08	0.50	1.00	0.50	1.00
Dec	97.48	0.50	1.00	0.50	1.00

Spain

NOTIONAL SPANISH BOND FUTURES (MSTF)

(LIEFF) Ptas 200m 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Jun	115.70	115.72	0.02	115.70	115.72	73,209	
Sep	114.70	114.72	0.02	114.70	114.72	48	

Precious Metals continued

GOLD COMEX (100 Troy oz; \$/troy oz)

	Settle	Day's price	High	Low	Open
May	340.3	-0.1	340.3	338.8	338.8
Jun	339.8	-0.1	339.8	338.3	338.3
Jul	339.3	-0.1	339.3	337.8	337.8
Aug	338.8	-0.1	338.8	337.3	337.3
Sep	338.3	-0.1	338.3	336.8	336.8
Oct	337.8	-0.1	337.8	336.3	336.3
Nov	337.3	-0.1	337.3	335.8	335.8
Dec	336.8	-0.1	336.8	335.3	335.3
Total	340.3				

PLATINUM NYMEX (50 Troy oz; \$/troy oz)

	Settle	Day's price	High	Low	Open
Jun	371.1	-3.0	371.1	370.5	370.5
Jul	370.5	-3.0	370.5	369.9	369.9
Aug	369.9	-3.0	369.9	369.3	369.3
Sep	369.3	-3.0	369.3	368.7	368.7
Oct	368.7	-3.0	368.7	368.1	368.1
Nov	368.1	-3.0	368.1	367.5	367.5
Dec	367.5	-3.0	367.5	366.9	366.9
Total	371.1				

PALLADIUM NYMEX (100 Troy oz; \$/troy oz)

	Settle	Day's price	High	Low	Open
Jun	158.0	-1.0	158.0	157.5	157.5
Jul	157.5	-1.0	157.5	157.0	157.0
Aug	157.0	-1.0	157.0	156.5	156.5
Sep	156.5	-1.0	156.5	156.0	156.0
Oct	156.0	-1.0	156.0	155.5	155.5
Nov	155.5	-1.0	155.5	155.0	155.0
Dec	155.0	-1.0	155.0	154.5	154.5
Total	158.0				

SILVER COMEX (5,000 Troy oz; \$/troy oz)

	Settle	Day's price	High	Low	Open
May	468.5	-0.8	468.5	468.0	468.0
Jun	468.0	-0.8	468.0	467.5	467.5
Jul	467.5	-0.8	467.5	467.0	467.0
Aug	467.0	-0.8	467.0	466.5	466.5
Sep	466.5	-0.8	466.5	466.0	466.0
Oct	466.0	-0.8	466.0	465.5	465.5
Nov	465.5	-0.8	465.5	465.0	465.0
Dec	465.0	-0.8	465.0	464.5	464.5
Total	468.5				

ENERGY

CRUDE OIL NYM

CURRENCIES AND MONEY

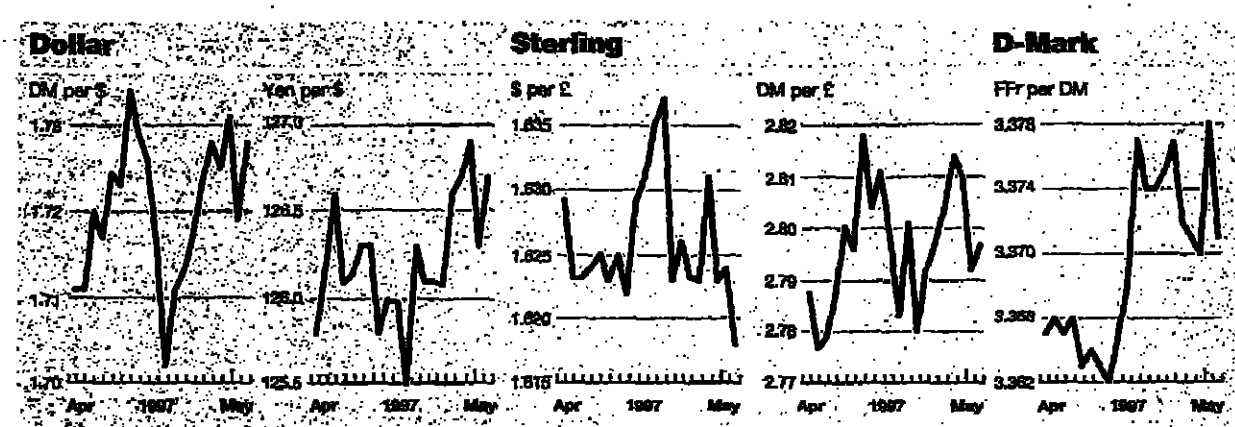
Sterling firm

MARKETS REPORT
By Simon Kuper

The pound emerged firm from yesterday's landslide victory for the Labour Party in the UK general election. Sterling nosedived in the early morning on profit taking, losing almost 5 pence against the D-Mark at one point when the scope of the Labour win had become clear. But in late US trading yesterday the pound was at DM2.805 to the D-Mark, and £1.6205 to the dollar, up 1.1 pence and down 0.35 cents from Thursday's London close.

The market expects a UK base rate rise of at least 25 basis points after the scheduled meeting on Wednesday between Mr Gordon Brown, the incoming chancellor, and Mr Eddie George, governor of the Bank of England.

However, speculation was growing that in the medium term Mr Brown may try to



cool the economy chiefly by raising taxes, while increasing rates only modestly. A newspaper article urging this policy on him was widely quoted.

Short sterling futures contracts rallied as rate prospects fell. The December 1996 contract rose 6 basis points to price in base rates of below 7.50 per cent. Short-end contracts barely moved.

The dollar firmed on strong US stock and bond markets. A modest rise in the dollar was Y0.3 firmer against the yen at Y126.5 and 0.95 pence stronger against the D-Mark at DM2.785. The Canadian dollar gained on lower expected US interest rates. The Irish punt rose after Thursday night's rate increase.

The UK general election left the market with more questions than answers. Traders will be sitting tight on sterling until they find out more about Mr Brown's plans. They expect

him to raise interest rates and taxes, but have little idea by how much. A bias to monetary tightening would be expected to help the pound, while more fiscal tightening would hit it.

The market also wants to know what the massive Labour majority means for government policy. Will it enable Mr Tony Blair, the prime minister, to ignore the left of his party, or will it make him more radical?

The first answers should emerge fast, with Wednesday's monetary policy meeting set for intense scrutiny. Then in July comes Labour's mini-budget, which is expected to raise taxes. But because Labour was so tight-lipped during the campaign, few in the market have much of an idea of how large the increases will be.

Mr Joe Prendergast, foreign exchange strategist at Merrill Lynch in London, said many of Labour's early policies were likely to transfer costs to business. He cited the expected corporate

WORLD INTEREST RATES

MONEY RATES

	Over night	One month	Three months	Six months	One year	Long term	Dis. rate	Repo rate
Belgium	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	6.00	2.50	-
France	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.10	2.50	4.75
Germany	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	4.50	2.50	3.00
Italy	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	6 1/4	-	6.75
Netherlands	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	6.25	6.75	7.50
Spain	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	2.50	3.00
Switzerland	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	1.00	-	1.00
UK	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	6.00	-	6.00
Japan	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.50	-	5.50

\$ LIBOR FT London

	Over night	One month	Three months	Six months	One year
Bankers' Funding	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
US Dollar Cds	5.54	5.55	5.76	6.02	-
ECU Linked Cds	4 1/4	4 1/4	4 1/4	4 1/4	-
SDR Linked Cds	5 1/4	5 1/4	5 1/4	5 1/4	-

5 LIBOR Interbank bid rates are offered rates for \$1m quoted to the nearest 1/100th of a percent. The bank and bank rates are based on the London Interbank Offered Rate (LIBOR) and the bank and bank rates are based on the London Interbank Offered Rate (LIBOR).

EURO CURRENCY INTEREST RATES

	Over night	One month	Three months	Six months	One year
Belgium Franc	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Dutch Guilder	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
French Franc	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Portuguese Esc.	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Spanish Peseta	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Swiss Franc	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Canadian Dollar	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Japanese Yen	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Asian Yen	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

POUND SPOT FORWARD AGAINST THE POUND

May 2		Closing mid-price	Change on previous day	Bid/offer spread	Day's high	Day's low	One month %FA
Europe							
Austria	(Sch)	10.9851	+0.0423 756	- 948	18.7429	18.4037	18.9416 1.27
Belgium	(Ffr)	57.7228	+0.1219 645	- 811	57.8218	56.8801	57.5870 2.56
Denmark	(DKr)	10.4777	+0.0282 448	- 514	10.6740	10.4650	10.6277 2.55
Germany	(DM)	8.4258	+0.0444 192	- 328	8.4580	8.3210	
Greece	(Dr)	27.0392	+0.0004 355	- 339	8.5000	8.2992	9.405 2.83
France	(Ffr)	2.7670	+0.0003 177	- 187	2.8000	2.7600	2.7904 2.56
Italy	(Lit)	444.447	+0.21 140	- 754	446.517	438.181	
Ireland	(£)	1.0890	-0.0002 898	- 800	1.0880	1.0705	1.0947 0.43
Netherlands	(Gld)	27.7132	+0.17 114	- 851	27.7432	27.6410	27.775 3.26
Norway	(Nkr)	1.0779	+0.0004 177	- 187	1.0800	1.0705	1.0793 2.56
Portugal	(Esc)	3.1483	+0.0057 448	- 480	3.1559	3.1391	3.1932 3.1
Spain	(Ptas)	11.4805	-0.022 728	- 801	11.5248	11.3404	11.456 2.28
Sweden	(Skr)	290.928	+0.423 800	- 065	281.055	278.289	280.919 -0.68
Switzerland	(Sfr)	2.1682	+0.0016 812	- 089	2.1640	2.1550	2.1650 0.58
United Kingdom	(£)	2.3825	-0.0017 800	- 240	2.3945	2.3509	2.3737 4.45
USA							
Dollar	(D)	1.8537	+0.0018 329	- 345	1.4390	1.4150	1.4515 1.8
Yen	(¥)	1.16520					
Asia							
Americas							
Argentina	(Peso)	1.6176	-0.0082 171	- 181	1.6276	1.6006	
Brazil	(R)	1.7219	+0.0050 211	- 226	1.7314	1.7029	
Canada	(Cdn)	0.6976	-0.0026 356	- 305	0.6981	0.6914	2.291 3.1
Chile	(New Pes)	12.8400	-0.0068 800	- 800	12.8400	12.8400	
Colombia	(C)	1.6182	-0.0056 177	- 187	1.6290	1.6006	1.6174 0.65
Pacific/Indo-Est Asia							
Australia	(A\$)	2.0528	+0.0054 608	- 647	2.0577	2.0458	2.0627 0.31
Hong Kong	(Hk\$)	7.8241	-0.0458 337	- 317	7.8217	7.7402	7.8284 0.4
India	(Rupee)	57.8204	-0.2397 801	- 801	57.8150	57.3299	
Japan	(¥)	5.5105	-0.0085 060	- 149	5.5404	5.4596	
Israel	(N)	205.689	+0.02 978	- 198	206.380	202.630	204.113 5.7
Malaysia	(M\$)	4.0398	+0.0114 572	- 613	4.0822	4.0498	
New Zealand	(NZ\$)	2.6451	+0.0004 177	- 187	2.6500	2.6200	2.6446 -1.5
Philippines	(Peso)	42.6784	-0.1828 264	- 304	42.7304	42.6264	
Singapore	(S\$)	6.0580	-0.0221 659	- 711	6.1094	6.0082	
South Africa	(Rand)	2.9417	-0.0035 402	- 432	2.9368	2.9178	
South Korea	(W\$)	7.2043	+0.0185 949	- 999	7.2289	7.1925	
Taiwan	(N\$)	1.4431	+0.0004 177	- 187	1.4463	1.4313	
Tel Aviv	(T\$)	44.7745	+0.444 294	- 218	44.7979	44.7255	
Thailand	(B\$)	42.2451	-0.1598 806	- 806	42.5000	41.7970	

UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Johnson Fry Slater Growth	1,381
HSBC Hong Kong Growth	1,306
Invesco Hong Kong & China	1,284
Save & Prosper Financial Secs	1,260
Abbey Latin American	1,233

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	429
F&G Japanese Smaller Cos	510
Save & Prosper Korea	511
Edinburgh Japan Smaller Cos	521
Fidelity Japan Smaller Cos	528

Save & Prosper Fin Secs

1,381	1,306	1,284	1,260	1,233
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TOP FIVE OVER 3 YEARS

PM North America Growth	2,015
Jupiter European	1,863
Johnson Fry Slater Growth	1,858
Hill Samuel US Smaller Cos	1,855
Prolific Technology	1,836

BOTTOM FIVE OVER 3 YEARS

Fidelity Japan Smaller Cos	484
Save & Prosper Korea	473
Five Arrows Japan Smaller Cos	473
Govett Japan Strategy	474
Edinburgh Japan Smaller Cos	485

Prolific Technology

2,015	1,863	1,858	1,855	1,836
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TOP FIVE OVER 5 YEARS

HSBC Hong Kong Growth	3,405
Mercury Gold & General	3,242
Prolific Technology	3,225
Hill Samuel UK Emerging Cos	3,149
Gartmore American Emer Gth	3,120

BOTTOM FIVE OVER 5 YEARS

Govett Japan Strategy	880
Friends Prov Japanese Sm Cos	889
Barclays Uni Japan Inc	921
Fidelity Japan Smaller Cos	932
M&G Japan & General Acc	951

M&G Japan & General

3,405	3,242	3,225	3,149	3,120
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TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	6,653
F&G US Small Companies	6,003
Bartmore Hong Kong	5,908
Hill Samuel US Smaller Cos	5,895
Abnstr Far East Emerging Econ	5,234

BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	463
Barclays Uni Japan Inc	485
Mercury Japan	637
Henderson Japan Smaller Cos	671
M&G Japan & General Acc	671

Mercury Japan

6,653	6,003	5,908	5,895	5,234
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Source: HSW (01625 511311)

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Indices

Index	1 year	3	5	10	Volatility	Yield
Average Unit Trust	977	1193	1788	2278	3.2	2.6
Average Investment Trust	1073	1217	1892	2784	4.5	5.0
Bank	1033	1112	1212	-	0.0	4.3
Building Society	1031	1112	1219	1854	0.0	4.0
Stockmarket: FTSE All-Share	1152	1486	1865	2915	2.7	3.5
Inflation	1026	1091	1157	1525	0.4	-

UK Growth

Index	1 year	3	5	10	Volatility	Yield
Johnson Fry Slater Growth	1381	1858	2380	-	3.8	0.9
Perpetual UK Growth	1071	1736	2855	-	3.2	1.9
Perpetual UK Dividend	1122	1643	2617	-	2.7	2.6
Growth Suisse Fellowship Inc	995	1582	-	-	3.1	1.1
OM Hartley Growth	1127	1535	2241	-	3.0	1.3
SECTOR AVERAGE	1056	1340	1802	2205	3.0	1.8

UK Growth & Income

Index	1 year	3	5	10	Volatility	Yield
Perpetual Income	1142	1559	2274	2885	2.6	2.9
Fleming Select UK Income	1184	1538	2009	2548	2.9	3.4
Fidelity UK Dividend Growth	1087	1503	-	-	2.6	2.3
Lazard UK Income & Growth	1095	1495	1896	2536	2.8	3.4
Gartmore UK Index	1140	1468	1903	-	2.9	3.2
SECTOR AVERAGE	1076	1329	1733	2382	2.9	2.7

UK Smaller Companies

Index	1 year	3	5	10	Volatility	Yield
Gartmore UK Smaller Companies	1186	1783	2280	2386	3.4	0.4
Laurence Keen Smaller Cos	1084	1742	-	-	3.1	1.2
AES Smaller Companies	1083	1658	2157	-	3.1	0.8
INVESTCO UK Smaller Companies	1086	1636	2540	2250	3.9	1.2
Britannia Smaller Co's Acc	1072	1603	2547	2446	3.3	0.4
SECTOR AVERAGE	1010	1281	1820	2034	3.0	1.5

UK Equity Income

Index	1 year	3	5	10	Volatility	Yield
Jupiter Income	1108	1792	2943	-	2.8	4.0
Lazard UK Income	1111	1549	2099	3050	2.7	4.2
Britannia High Yield Inc	1084	1474	2109	3109	2.7	4.0
BWD UK Equity Income	1150	1470	1976	2484	2.8	3.5
Royal Life High Income (Dis)	1110	1445	1878	2171	2.7	3.7
SECTOR AVERAGE	1073	1302	1786	2406	2.8	4.5

UK Equity & Bond Income

Index	1 year	3	5	10	Volatility	Yield
Cazenove UK Equity & Bond	1094	1421	-	-	3.1	6.2
Cler Med Retirement Income Inc	1089	1338	1777	-	2.8	5.5
Prolific Tech Income	1033	1297	1721	2274	2.5	4.4
CIS UK Income	1088	1285	1716	-	2.4	4.1
Abbey National Extra Income	1093	1282	1945	2760	2.5	6.3
SECTOR AVERAGE	1051	1215	1636	2034	2.3	5.4

UK Eq & Bd

Index	1 year	3	5	10	Volatility	Yield
BWD Balanced Portfolio	1121	1531	2206	-	3.1	1.2
Perpetual High Income	1119	1455	2238	-	2.2	3.4
Credit Suisse High Income Port	1044	1401	2061	-	2.8	4.4
NPI UK Extra Income Inc	1043	1359	1912	-	2.4	3.0
Henry Cooke Balanced	1044	1355	-	-	1.8	2.9
SECTOR AVERAGE	1086	1334	1826	2307	2.5	3.2

Gilts & Fixed Interest

Index	1 year	3	5	10	Volatility	Yield
M&G Corporate Bond	1122	1289	-	-	1.9	7.3
Abnstr Fixed Interest	1107	1255	2008	2517	1.7	6.7
M&G Gilts & Fixed Interest	1107	1244	1398	1844	2.0	6.9
Thornion Preference Inc	1047	1228	1681	2239	1.8	8.6
Britannia Gilts & Fixed Int Inc	1055	1200	1337	-	1.7	8.2
SECTOR AVERAGE	1046	1145	1408	1835	1.7	6.7

International Equity Income

Index	1 year	3	5	10	Volatility	Yield
GT International Income	1029	1280	1983	2584	2.4	2.6
Martin Currie Int'l Income	1051	1279	1918	-	2.7	3.1
Dolphin Int'l Gth & Income	1000	1248	1791	1721	2.8	2.2
Mayflower Global Income	1020	1216	1786	2110	2.5	3.6
M&G International Income	999	1193	1845	2510	2.3	4.3
SECTOR AVERAGE	1016	1194	1783	2124	2.5	3.3

International Fixed Interest

Index	1 year	3	5	10	Volatility	Yield
Baring Global Bond	997	1180	1606	-	1.5	6.2
Barclays Uni European Bond Inc	1043	1158	-	-	1.1	5.7
Old Mutual Worldwide Bond Inc	971	1156	1448	-	1.8	5.2
Mercury Global Bond Acc	941	1123	1486	-	1.7	5.4
TSB International Income Inc	953	1114	1381	-	1.6	4.6
SECTOR AVERAGE	916	1033	1351	1634	1.9	5.5

International Equity & Bond

Index	1 year	3	5	10	Volatility	Yield
Bank of Ireland Ex Mgd Growth	1058	1380	1916	-	2.1	2.5
Cazenove Portfolio	1008	1315	1881	-	2.0	2.1
Fleming Global Opportunities	1099	1299	1670	-	2.6	3.2
NPI Worldwide Income Inc	976	1273	1888	-	2.5	1.5
Baillie Gifford Managed	1016	1287	1886	2802	2.4	2.6
SECTOR AVERAGE	1003	1182	1611	2283	2.2	2.5

International Growth

Index	1 year	3	5	10	Volatility	Yield
Prolific Technology	757	1836	3225	4294	6.4	-
Framlington Health	734	1782	2244	4504	7.1	-
Save & Prosper Growth	1131	1646	2708	3415	2.8	1.7
Guinness Flight Global Privt	1108	1432	-	-	3.7	1.1
Scott Equitable Technology	873	1424	2179	3886	4.4	0.7
SECTOR AVERAGE	954	1164	1770	2142	3.2	1.0

Nth America

Index	1 year	3	5	10	Volatility	Yield
PM North America Growth	982	2015	2978	4307	4.5	0.0
Hill Samuel US Smaller Co's	889	1855	2774	5595	5.4	-
Edinburgh North America	1053	1797	2817	3341	3.5	0.8
Martin Currie North America	1011	1692	2405	3000	3.3	0.0
Allied Dunbar America Spec St	1006	1691	2332	3499	3.6	0.1
SECTOR AVERAGE	958	1426	2090	2888	3.9	0.5

Europe

Index	1 year	3	5	10	Volatility	Yield
Jupiter European	1155	1863	3096	-	3.3	0.2
Baring Europe Select	1117	1702	2677	2919	3.8	0.8
Friends Prov European Gth	1086	1622	2396	-	2.8	-
Gartmore European Sel Opps	1074	1614	2713	2990	2.8	-
Allied Dunbar European Growth	1111	1605	2559	2882	3.7	0.1
SECTOR AVERAGE	1040	1311	2026	2559	3.0	0.8

Japan

Index	1 year	3	5	10	Volatility	Yield
GT Japan Growth	842	880	1506	1378	3.3	-
Murray Japan Growth	719	836	-	-	4.3	-
Martin Currie Japan	746	830	1648	-	4.8	-
Schroder Tokyo Inc	729	816	1618	2087	4.7	-
Edinburgh Exempt Japan	713	816	1472	927	4.9	-
SECTOR AVERAGE	646	654	1226	1102	4.8	0.5

Far East Inc Japan

Index	1 year	3	5	10	Volatility	Yield
Govett Greater China	1113	1193	2403	3227	4.2	-
Abnstr Pacific	824	1049	2082	3245	4.0	0.3
Schroder Far East Growth Inc	784	989	2079	-	4.2	-
Perpetual Far East Growth	899	989	2251	2952	3.6	0.8
Thornion Oriental Income Inc	819	982	1597	2322	3.4	3.7
SECTOR AVERAGE	795	887	1709	2075	4.0	0.7

Far East ex Japan

Index	1 year	3	5	10	Volatility	Yield
HSBC Hong Kong Growth	1306	1704	3405	6553	6.3	0.9
INVESTCO Hong Kong & China	1264	1367	2684	4202	6.3	0.6
GT Orient Acc	1012	1348	2979	-	5.6	0.1
Old Mutual Hong Kong	1043	1265	2452	4745	6.2	1.0
Friends Prov Australasian	980	1254	2026	4258	4.3	-
SECTOR AVERAGE	841	993	2052	3729	5.3	0.7

Commodity & Energy

Index	1 year	3	5	10	Volatility	Yield
M&G Australasian & General Acc	1049	1357	2127	1473	5.0	2.0
M&G Commodity & General	855	1196	2084	2097	4.5	0.3
Save & Prosper Commodity	774	1042	1759	1741	5.6	-
Hill Samuel Natural Resources	752	978	1548	1545	4.7	0.4
Mercury Gold & General	661	953	3942	-	7.4	0.4
SECTOR AVERAGE	758	1002	2108	1387	6.0	0.7

TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	6,653
F&G US Small Companies	6,003
Bartmore Hong Kong	5,908
Hill Samuel US Smaller Cos	5,895
Abnstr Far East Emerging Econ	5,234

BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	463
Barclays Uni Japan Inc	485
Mercury Japan	637
Henderson Japan Smaller Cos	671
M&G Japan & General Acc	671

Mercury Japan

6,653	6,003	5,908	5,895	5,234
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Source: HSW (01625 511311)

Best Peps

0	Jupiter European	1155	1863	3096	3.3
1	Johnson Fry Slater Growth	1381	1858	2380	3.8
2	Jupiter Income	1108	1792	2943	2.8
3	Gestorine UK-Smaller Companies	1186	1763	2290	3.4
4	Jupiter UK Growth	1074	1236	2095	3.2
5	AVERAGE UT PEP	1045	1293	1827	2.9

* FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 673 4378 for more details.

so 1400 hours: (4) - 1401 to 1700 hours: (4)
1701 to midnight. Daily closing prices are set
on the basis of the valuation point; a short
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Authorized and Insurances

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Index	Price	Change	% Chg	Index	Price	Change	% Chg	Index	Price	Change	% Chg
Unit Trusts Ltd - Contd.				Swiss Life Canada Unit Mgrs Ltd - Contd.				CGM Unit Trusts Ltd			
10784	164.38	+0.67	0.41	10784	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10785	164.38	+0.67	0.41	10785	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10786	164.38	+0.67	0.41	10786	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10787	164.38	+0.67	0.41	10787	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10788	164.38	+0.67	0.41	10788	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10789	164.38	+0.67	0.41	10789	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10790	164.38	+0.67	0.41	10790	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10791	164.38	+0.67	0.41	10791	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10792	164.38	+0.67	0.41	10792	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10793	164.38	+0.67	0.41	10793	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10794	164.38	+0.67	0.41	10794	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10795	164.38	+0.67	0.41	10795	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10796	164.38	+0.67	0.41	10796	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10797	164.38	+0.67	0.41	10797	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10798	164.38	+0.67	0.41	10798	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10799	164.38	+0.67	0.41	10799	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10800	164.38	+0.67	0.41	10800	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10801	164.38	+0.67	0.41	10801	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10802	164.38	+0.67	0.41	10802	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10803	164.38	+0.67	0.41	10803	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10804	164.38	+0.67	0.41	10804	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10805	164.38	+0.67	0.41	10805	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10806	164.38	+0.67	0.41	10806	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10807	164.38	+0.67	0.41	10807	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10808	164.38	+0.67	0.41	10808	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10809	164.38	+0.67	0.41	10809	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10810	164.38	+0.67	0.41	10810	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10811	164.38	+0.67	0.41	10811	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10812	164.38	+0.67	0.41	10812	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10813	164.38	+0.67	0.41	10813	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10814	164.38	+0.67	0.41	10814	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10815	164.38	+0.67	0.41	10815	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10816	164.38	+0.67	0.41	10816	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10817	164.38	+0.67	0.41	10817	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10818	164.38	+0.67	0.41	10818	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10819	164.38	+0.67	0.41	10819	164.38	+0.67	0.41	CGM Unit Trusts Ltd			
10820	164.38	+0.67	0.41</								

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	Price	Price	Yield	Div
INVESTCO Fund Managers Ltd				
Emergent Funds				
Emergent Equity	22.12	2.21	+0.05	0.1
Emergent Income	11.27	1.33	+0.01	0.2
Emergent Property				
Emergent Property	11.27	1.33	+0.01	0.2
Jefferies & Co. Trust Managers Ltd				
Jefferies Emergent Trust				
UK Equity	2541	2567		
Lazard Brothers Asset Management				
Emergent Funds				
Small Cap Asia 30	17.353	7.636		2.0
Small Cap Europe 30	17.218	7.636		2.0
Small Cap Japan 30	17.272	7.731		2.0
Japan 30	18.400	8.404		0.1
Pacific Asia 30	18.258	8.258		0.1
Small Cap Asia 30	17.154	7.154		0.1
Managed Balanced	11.042	1.083		0.1
Managed Bond	11.086	0.996		0.1
Local Authorities Mutual Invest. Ltd*				

هكذا من الأجر

Insurances, Money Markets and Other

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE INSURANCES

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

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Country baskets

Country	Year	Value	% of total
Australia	1960	100	100
Brazil	1960	100	100
Canada	1960	100	100
France	1960	100	100
Germany	1960	100	100
Italy	1960	100	100
Japan	1960	100	100
Netherlands	1960	100	100
Sweden	1960	100	100
Switzerland	1960	100	100
United Kingdom	1960	100	100
USA	1960	100	100

مكتبة الأحم

INVESTMENT TRUSTS - Contd

NAME	GRADE	SCORE
Alison	4	90
Andrew	4	85
Benjamin	4	80
Christopher	4	75
David	4	70
Elizabeth	4	65
Emily	4	60
James	4	55
John	4	50
Jonathan	4	45
Joseph	4	40
Matthew	4	35
Michael	4	30
Robert	4	25
Thomas	4	20
William	4	15

[illegible]

Albany	NY	1990	177
Albany	NY	1991	177
Albany	NY	1992	177
Albany	NY	1993	177
Albany	NY	1994	177
Albany	NY	1995	177
Albany	NY	1996	177
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Albany	NY	2092	177
Albany	NY	2093	177
Albany	NY	2094	177
Albany	NY	2095	177
Albany	NY	2096	177
Albany	NY	2097	177
Albany	NY	2098	177
Albany	NY	2099	177
Albany	NY	2100	177

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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	7
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	Notes	Price	Yield	High
Approved by the Federal Reserve				
Marquette Capital Inc.	+ 25.00	11.12	9.12	

Company	Address	City	State	Zip	Phone	Telex	Fax	Internet	E-mail
1. American Airlines	11000 W. Alameda	Los Angeles	CA	90024	213-681-2000	710-211-1000	213-681-2000	www.aa.com	aa@aa.com
2. Delta Air Lines	1000 Peachtree St. NE	Atlanta	GA	30308	404-252-1000	770-252-1000	404-252-1000	www.delta.com	delta@delta.com
3. United Airlines	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.united.com	united@united.com
4. Southwest Airlines	2301 N. Stemmons Freeway	Ft. Worth	TX	76107	817-461-1000	817-461-1000	817-461-1000	www.southwest.com	sw@sw.com
5. Northwest Airlines	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.nw.com	nw@nw.com
6. Alaska Airlines	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.alaska.com	alaska@alaska.com
7. JetBlue Airways	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.jetblue.com	jetblue@jetblue.com
8. Spirit Airlines	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.spirit.com	spirit@spirit.com
9. Frontier Airlines	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.frontier.com	frontier@frontier.com
10. Allegiant Air	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.allegiant.com	allegiant@allegiant.com
11. Air Canada	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.aircanada.com	aircanada@aircanada.com
12. British Airways	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.britishairways.com	britishairways@britishairways.com
13. Lufthansa	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.lufthansa.com	lufthansa@lufthansa.com
14. Air France	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.airfrance.com	airfrance@airfrance.com
15. Iberia	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.iberia.com	iberia@iberia.com
16. KLM	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.klm.com	klm@klm.com
17. Air Shuttle	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.airshuttle.com	airshuttle@airshuttle.com
18. Air Shuttle	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.airshuttle.com	airshuttle@airshuttle.com
19. Air Shuttle	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.airshuttle.com	airshuttle@airshuttle.com
20. Air Shuttle	10000 E. Harvard Ave.	Denver	CO	80231	303-751-1000	303-751-1000	303-751-1000	www.airshuttle.com	airshuttle@airshuttle.com

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The Old Folks at Home
(Swanee River Song)

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99. The old folks at home
100. The old folks at home

2000 PFM _____ 2000 _____ 2000 _____
Package _____ 2000 _____ 2000 _____

BT PHILIPS
 National and International

Planning National Procurement
 Workshop

[illegible]

Chapman Inc.	57
Corvett Ann Sells Cos.	70
Corvett Sells Mfg.	71

Canada	1980	1000
Canada	1981	1000
Canada	1982	1000
Canada	1983	1000
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Canada	2099	1000
Canada	2100	1000

Int. Branch Tel. _____ 710-
Your name _____
day tel. or home tel. _____

[illegible]

Mort Curry Bar... 4
 Warrants...
 Martin Curran Jones... 4

[illegible][illegible]

Western
 Junior Promotions
 Glenview, Chicago

[illegible]

1

Warrant No.	15-242	15-242	15-242
Warrant Prep.	15-242	15-242	15-242
Warrant	15-242	15-242	15-242

[illegible]

Filing with State # _____
 Zero Div Paid _____
 Under _____

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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Capital	120	1	120
Warrants	20	1	20
Handover Eurotrust	131	+1	132

[illegible][illegible][illegible][illegible][illegible]

ARM - Cont

[illegible]

Surfway	Trap line	422	+122	468	410	53.0	0.7	3
Bottom	Harbour	151	-	153	127	15.1	1.0	2
		251	-	337	151	2.08	-	-

[illegible]

Amentech ISS	7-29	27	28
Anbieter-Gesch ISS	7-29	27	28

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WSP	1000	1000	1000

Company	Price	% Chg
AT&T	24 1/2	-1/2
Cable & Wire	24 1/2	-1/2
Comcast Corp	24 1/2	-1/2
GenCorp	24 1/2	-1/2
Telecom	24 1/2	-1/2
Verizon	24 1/2	-1/2
WorldCom	24 1/2	-1/2

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TELECOMMUNICATIONS

	Medium	Price	+ or -
BT	2-24	457	-
Cable & Wire	2-24	470	-
700 Co Ln US	2-24	525	-
Dial Telephony	2-24	288	-
Longspan Telephony	2-24	225	+
SW & Mobile	2-24	285	-
General Cable	2-24	265	-
IPW	2-24	522	-
Wholesale Cable	2-24	237	-
Wholesale I & T	2-24	267	+
Cable	2-24	212	+
Switching	2-24	215	-
Telephone	2-24	26	-
Wireless	2-24	275	-

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Market capitalisation shown is calculated separately for each line of stock quoted.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and splits.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in per-se share, along with the percentage discounts (Dists) or premiums (Pms) to the current closing share price. The NAVs assume prior charges of par value, convertibles converted and warrants exercised if dilution occurs.

† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
Ⓢ Figures or report awaited
Ⓜ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange
Ⓜ Eps shown/interim report available see details below

11 Rule 4.23(a) Irish incorporated non-listed companies.
 12 Price at time of suspension
 13 Indicated dividend yield after pending scrip and/or rights issue
 14 Merger bid or reorganisation in progress
 15 Forecast dividend yield: p/e based on earnings updated by
 16 latest interim statement.
 17 Unrestricted collective investment scheme

<p>A Yield based on annualized dividend</p> <p>B Figures based on prospectus or other official estimates</p> <p>C Assumed dividend</p>	<p>F Yield based on prospectus or other official estimates for 1996-97</p> <p>G Assumed yield after possible scrip dividend</p>	<p>FD Foreign Income Dividend</p> <p>F Forecast annualized yield, fee based on prospectus or other official estimates</p>
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Yield after taxes income.
b Assumed dividend
yield after corp. taxes.
c Rights issue pending
a earnings based on
preliminary figures.
d Dividend yield.
e Rights based on
prospective or other
official estimates for
1957.
f Yield based on
prospective or other
official estimates for
1957.
g Dividend yield to date.

excludes: a special official estimates for 1996
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 1. Indicated dividend
 yield, p/e ratio based on
 latest annual earnings
 in Forecast, or estimated
 annualized dividend
 1. Estimated annualized
 yield, p/e based on
 latest annual earnings
 in Yld based on
 prospects, or other

Abbreviations:
 1st ex dividend
 12 ex 12/31 close

yield, plus interest on
previous years' earnings.
2 Dividend yield ac-
cruing a special payment
official estimates for
1995-96.
All Dividend is paid in
whole or part as a
or as right;
to or as;
or as capital distribution.

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Dow hovers around 7,000 after data

AMERICAS

US stock prices were stronger at mid-session as the market appeared to have regained some of its bullish sentiment, writes Tracy Carrigan in New York.

The Dow Jones Industrial Average hovered around the 7,000 point level for most of the morning, and at around 1pm was up 24.08 at 7,000.56.

Conflicting economic news, including the lowest unemployment rate for 23 years, sent bond prices slightly lower.

But the stock market retained its positive tone after a week of economic data broadly suggesting that inflationary pressures were weaker than many had feared, and that a succession of interest rate rises by the Federal Reserve was unlikely.

"The weight and balance of the economic news, if still a little contradictory, is still on the side of suggesting some moderation of the first-quarter pace [of economic growth]," said Mr. Eric Miller, chief investment officer of Donaldson Lufkin & Jenrette.

Many analysts still expected a second rate rise for the year in May, but thought that it could be the last one. This helped to ease fears that higher interest rates would hit US companies' performance.

Financial stocks, which had been hit particularly

hard, recovered ground this week with J.P. Morgan up 1% at \$101.14.

Sentiment in the stock market had also been helped by a strong first-quarter earnings season.

Mr. Miller said that the improved market performance of technology stocks and some other sectors showed that "the bullish bias of the market has not been smashed".

The technology-driven Nasdaq Composite index rose 19.29 to 1,289.79, outpacing gains in the Dow. The broader-based Standard & Poor's 500 index rose 4.97 to 803.55.

Technology stocks led the way, as Cisco rose 3% to \$65.4, while Dell gained 2% to \$69.4. Another big climber was Novell Systems, up 3% to \$90.

Among the other market leaders, General Electric rose 1% to \$111.14, and DuPont gained 2% to \$105.7.

TORONTO moved forward strongly following a good day for the BCE telecoms conglomerate, further gains for banks and a solid start on Wall Street thanks to neutral US jobs data.

BCE was the star performer, surging more than 5 per cent on the news that the local telephone market was to be thrown open to greater competition. Its shares were C\$9.50 at C\$98.25 at noon, helping to lift the 300 composite index by 0.07, to 6,071.90.

Caracas 2.9% higher

CARACAS rose 2.9 per cent by mid-session on renewed interest in CANTV, the telecommunications monopoly that on Wednesday reported strong first-quarter results.

CANTV class D shares, which closed 46 bolivars higher on Wednesday, were up another 78 bolivars yesterday morning at 2,130 bolivars.

Among other blue chips to trade higher, the benchmark

Electricidad de Caracas was changing hands at 525 bolivars, up 3 bolivars.

The Merinvest index stood 2.83 higher at 99.41.

SAO PAULO traded 1 per cent higher at mid-session as the government rescheduled the delayed privatisation auction for Cia Vale do Rio Doce, the state miner, to Monday.

The Bovespa index rose 100 to 10,082.

EUROPE

Friendly US jobs data took several bourses to all-time highs; in industrial terms, the spotlight fell on car-makers. FRANKFURT led the Dax Index broke 3,500 before closing 52.99 or 1.5 per cent higher at 3,491.08.

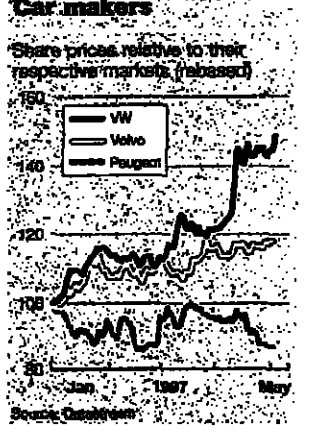
Pressed by Daimler, which put on DM6.20 or 4.8 per cent at DM134.40, VW shot up another DM6.92 or 5.7 per cent to DM115.10 after gains of 19.4 per cent in April alone, and 72 per cent in the first four months of this year.

VW produced bumper results some three weeks ago: HSCB James Capel, a bull of the stock then, remained positive yesterday, saying that the company's model line up, the dollar effect and the fact that VW's market share was going up in a soft domestic market were evidence of quality.

Turnover eased from DM11.5bn to DM12.1bn, the big three carmakers accounting for DM3.6bn of that. The big three all figured, too, in the top 10 this share prices, BMW leading DM44.05 or 3.1 per cent to DM147.55.

PARIS edged higher, ending with the CAC 40 index

Car makers



up 15.85 at 2,655.31. Volume was dull at 7.1m shares.

Sanofi led the way, gaining FF15 to FF560. There was further, persistent demand for Havas, which rose FF10.30 to FF447.30 for a two-day advance of more than 8 per cent.

Peugeot put on FF3 to FF555 and Michelin FF2.70 to FF328.80 in spite of discouraging news on car sales. French car sales fell 10.3 per cent in April, the fourth negative month in a row. Renault, the sector leader, came off FF2.20 to FF137.

Carrefour added FF55 to FF3,599 after Goldman

Taipei drops 3.5% and ignores profits growth

ASIA PACIFIC

The uncertainty infecting the region spread to TAIPEI where, after a 26.5 per cent gain between January 6 and last Saturday's peak, the weighted index registered its fourth successive setback, accelerating its decline with a fall of 286.66 or 3.5 per cent to 8,187.00.

Equities ignored a newspaper report that the combined net profit of the 386 listed Taiwan companies had leapt 43 per cent in the first quarter of 1997.

Brokers said that many share prices had outperformed their fundamentals: investors dumped shares seen as overvalued, and analysts expected further declines with the central bank continuing to mop up banking system liquidity.

MANILA was dragged down early in the session by overnight losses in Philippine Long Distance Tele-

phone in New York. Foreign investors continued to leave the market, fearing that many top companies were in for troubled times.

The composite index fell 42.52 or 1.6 per cent to 2,605.65, down some 25 per cent from its record high of three months ago. PLDT came off a low of 1,450 pesos to close 20 pesos lower at 1,430.

TOKYO advanced for the fourth consecutive session, hitting a new 1997 closing high ahead of a three-day weekend, writes Gwen Robinson.

The Nikkei 225 average jumped 238.42 to 19,514.74, a fraction down from the day's high of 19,515.56; the low was 19,187.72.

There was early profit taking and, with many domestic investors absent in the "Golden Week" annual holiday period, some large players were reluctant to move before the three-day week-

Sachs inaugurated coverage of the shares with a "market outperformer" rating.

AMSTERDAM lost ground with the AEX index dipping 1.17 to 771.57 in thin volume. Philips continued to improve but there was a mixed reaction to the day's two results stories, with KNP FT pleasing but Unilever judged a disappointment.

Philips rose F11.80 to F1108.10 in 4.1m traded and KNP gained F1.10 or nearly 3 per cent to F19.50 after pedestrian, but better than expected first-quarter results.

Unilever disappointed Dutch analysts. The shares rose in good good volume in London, buoyed partly by recent "buy" recommendations from a number of leading London brokers. But the mood in Amsterdam yesterday was more cautious. The certificates came off F13.60 to F13.77.

ZURICH posted a third consecutive record close as the SMI picked up 55.9 to 4,933.5.

Nestlé broke through the SFR1,800 level to set record intraday and closing highs as the market looked ahead to next Tuesday's analysts' conference for detailed 1996

FTSE Actuaries Share Indices

May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27
FTSE 100	2235.32	2234.33	2236.04	2236.36	2241.82
FTSE 250	2258.53	2261.82	2262.85	2264.44	2270.81
FTSE 1000	2258.53	2261.82	2262.85	2264.44	2270.81
FTSE 1000	2258.53	2261.82	2262.85	2264.44	2270.81

results and first-quarter 1997 sales. Analysts noted that the company had benefited from the continuing strength of the dollar and the stabilisation of raw coffee prices. The shares closed SFR16

net profits after the close. Shares in the Swiss National Bank continued a dizzying two-month climb, rising SFR195 or 14.9 per cent to SFR1,500 on the day and 147.9 per cent since March 5, although daily traded volumes had been thin.

One analyst said the buying was thought to be the result of speculative demand on the mistaken belief that a planned revaluation of the bank's gold reserves might have a future impact on SNB dividends. The proceeds of the revaluation were, he said, to be used to establish a SFR7bn humanitarian fund for victims of the Holocaust and other catastrophes. And in any case, the SNB dividends were fixed by law.

MILAN took a lead from early strength on Wall Street and the Comit index finished 4.38 higher at 772.00.

higher at SFR1,806 off a peak of SFR1,808.

Speculative demand and recent recommendations took UBS SFR12 higher at SFR1,407 while Swiss Re added SFR40 at SFR1,746, ahead of its announcement of a 33 per cent rise in group

Among blue-chip winners, Fuji Photo Film added Y130 to Y4,970, after reaching the Y5,000 level earlier in the day for the first time in seven years. Canon climbed Y140 to Y3,170 and Sony Y100 to Y9,380.

Large-capital issues drew buying interest. Nippon Steel added Y4 to Y375 and Toshiba rose Y19 to Y753. Telecom issues also gained ground, although NTT ended just Y1,000 higher at Y970,000 after losses earlier in the day. NTT Data, however, jumped Y110,000 to Y3,980 after hitting a new high for the year of Y3,980.

Carmakers were mixed after Thursday's announcement of a 12.7 per cent year-on-year fall in April domestic sales of new vehicles. Honda added Y120 to reach a record high of Y4,000 and Toyota gained Y130 to Y3,810. But Mazda Motor slid Y7 to Y368 and Daihatsu Motor shed Y10 to Y680.

The Topix index of all first-session stocks added 14.29 to 1,467.53 and the capital-weighted Nikkei 300 was climbed 3.17 to finish at 285.33.

session. However, volume fell from 612m shares to an estimated 487m. Advances declined 701 to 405 with 148 unchanged.

The Topix index of all first-session stocks added 14.29 to 1,467.53 and the capital-weighted Nikkei 300 was climbed 3.17 to finish at 285.33.

Stet traded up L108 at L8,210 and Telecom Italia L100 higher at L4,638 after the approval by shareholders of their merger plan. Tim gained 47 at 5,388.

STOCKHOLM bumped up share prices in Ericsson, the banking sector and in Volvo, the latter after a 48 per cent rise in Swedish car registrations for April. The general index rose 46.70 or 1.8 per cent to 2,687.62 in turnover of SKR4.58m.

Ericsson B's held on to early gains fuelled by Thursday's New York jump to close SKR13.5 higher at SKR261.5. The banking sector index rose 2.3 per cent with Norbanken SKR6 higher at SKR247 on continued rumours about a possible merger with S-E-Banken.

LISBON waxed euphoric after Morgan Stanley Capital International upgraded Portugal from emerging to developed market status. The BVL 30 index climbed 115.57 or 4.2 per cent to 2,840.11, a new all time high; cash market turnover also peaked, at Esc22bn.

Written and edited by William Cochrane, Michael Morgan, Jeffrey Brown and Uttara Choudhury

investors that he could not avoid raising the prices of subsidised petroleum products. This dampened enthusiasm for the return of Mr. P. Chidambaram, the free market reformer, as finance minister and the BSE 30 share index dropped 39.10 to 3,801.71.

Johannesburg continued to move higher with the all-share index adding 18.5 at the close to 7,149.0.

Gold's steady dull and volume was thin after Thursday's public holiday.

However, industrials gained 44.2 to 8,538.5 for rise of 140 points over the past three sessions. Power Technologies jumped 8.5 per cent to R8.25.

Gold's continued to slip lower, easing 5.4 to 1,181.6. Randgold rallied R2.25 to R30.25, though bullion clung to a four-year low.

At the close, the composite index stood 17.79 higher at 1,087.96.

BOMBAY fell after Mr. Inder Kumar Gujral, the new prime minister, reminded

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LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is delivered by Eikon, part of Financial Times Information. Details relate to those securities not included in the FT Share Information Service. They are not those that the business was done in the 24 hours up to 5.15pm on Thursday. They are prices in order of execution but in ascending order which denotes the day's highest and lowest trades. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the last previous days is given with the relevant date. The size of individual deals is rounded to the nearest thousand and represented within parentheses, where available. * Bargains at special prices. * Bargains done the previous day.

British Government Stocks

Consolidated Fund 2007 - 2100%	2100%
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UK Public Bonds

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Consolidated Fund 2041 - 2100%	2100%
Consolidated Fund 2042 - 2100%	2

Charis Gresser looks at why the engineering company has received two bid approaches in the past week.

The dividend, which was halved in 1994, has not moved since, and the com-

The seeds for the company's poor earnings record



It more than doubled its size in two years, spending

gradually, most were not integrated. Internal competition was rife, as different parts of APV fought over the same contracts. "A joyous if slightly confusing experi-

In 1989, Mr Neil French, now chief executive, joined as finance director. The diffident, careful Scot, sat down with the chairman and

Twenty divestments followed, raising £120m, during which time Mr Clive

restructuring is not just about cost cutting.

He says bids to install production lines or the larger turnkey projects like dairy or baking plants should no longer be pure contracting

one.
In a note last month, Mer-

Judging from this week's bid approaches, it looks like someone will soon be putting the brokers' advice into practice.

Europe powers Unilever advance

Deutsche will pay A\$240m (\$186m) to buy Sydney-based

He noted that the Australian pensions market was growing at 10 per cent a

Deutsche Bank already has a significant corporate and investment banking business in Australia, having acquired the Bain & Co

Under the agreement with the New South Wales government, there will be a five-year investment management contract for existing funds.

exceptional costs from £15m to £76m, a higher tax rate, and taking the strength of sterling into account, earnings per share fell 8 per cent from 17.11p to 15.76p.

In Europe sales increased 1 per cent but operating profits rose 42 per cent from £254m to £360m. However,

Elsewhere, North American operating profits dipped 11 per cent from £103m to

trial test switch. In Africa and the Middle East profits fell from £32m to £17m largely because of a change in the company's distribution policy in Turkey.

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in consultation with Vodafone

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**LEGAL
NOTICES**

No. 00860 of 1997
THE HIGH COURT OF JUSTICE
FINANCIAL DIVISION
COMPANIES COURT

IN THE MATTER OF HENDERSON
HIGHLAND TRUST PLC
AND
IN THE MATTER OF THE
COMPANIES ACT 1985

NOTICE IS HEREBY given that the Order of the High Court of Justice (Company Division) relating to the above Company and dated 21st April 1997 confirming a winding up order (No. 27000400 to 27004355, 725) and the Minute approved by the court showing with respect to the Statement of Affairs of the Company an altered list of creditors requiring registration by the above Company was registered by the Registrar of Companies on 23rd April 1997.

This notice is given by way of
notice and this 21st day of May 1997.
The Registrar and Company
(Solicitor General)
Bathurst Street
London EC2V 6DB

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FINANCIAL TIMES

No FT, no comment.

مركز من الأصول

COMPANIES AND FINANCE: INTERNATIONAL

ASkyB chief quits as tension mounts

By Raymond Snoddy

Mr Preston Padden has abruptly quit as chairman of ASkyB. Mr Rupert Murdoch's US digital satellite television project.

The unexpected resignation is a sign of growing tension in the project and appears to have resulted from ASkyB's failure so far to complete a merger with EchoStar, the Denver-based satellite TV company.

The planned merger, which would have given Mr Murdoch's News Corporation greatly increased satellite capacity to launch hundreds of TV channels in the American market before the end of this year, was announced in February.

The deal was unveiled at the end of a News Corp presentation to investment analysts, at which Mr Padden enthusiastically reached for movie industry hyperbole to

describe the significance of the ASkyB merger with EchoStar.

It would unleash, Mr Padden told investors then, "a cosmic armada unmatched since the Empire struck back".

It is believed that Mr Padden's resignation has not yet formally been accepted, but it is unlikely that he will stay at the satellite venture.

News Corporation insisted last night that negotiations

were continuing with Mr Charlie Ergen, EchoStar founder, but there are understood to be difficulties. One is over the satellite system to be used by ASkyB, which is due to launch by the end of this year. Mr Murdoch wants to use his systems, while Mr Ergen wants to stick to the system EchoStar already sells.

As part of the deal Mr Ergen was to remain in control of EchoStar. This con-

cession from Mr Murdoch may now be causing difficulties. One observer said yesterday the two sides were "standing toe-to-toe".

If a deal with EchoStar is not struck, Mr Murdoch will almost certainly look for other partners. It would be extremely difficult to launch in the American satellite market as the fifth entrant without an alliance of some sort. It is not clear who such a partner would be.

The leader in the digital satellite market is DirecTV owned by Hughes Aircraft, a company large enough not to need partners. The biggest investor in PrimeStar, another satellite venture, is TeleCommunications Inc of Denver. Mr Ted Turner is a big investor in TCI through Time Warner.

But EchoStar is the best partner for ASkyB because of its enormous access to satellite frequencies.

INTERNATIONAL NEWS DIGEST

KNP BT improves 4% in quarter

KNP BT, the Dutch paper, packaging and distribution group, managed to lift net profits 4 per cent to F1 52m (\$36.88m) in the first quarter, a period for which it had warned of a further decline. Operating profits fell 6.2 per cent to F1 122m, but a lower tax charge and income from non-consolidated holdings offset these factors.

The group said yesterday that, assuming the paper market got no worse, it continued to expect that the full-year outcome would show a "material improvement" on 1996, when net profits were F1 231m. Sales in the three months to March rose 9.1 per cent to F1 3.71bn. Excluding acquisitions, however, the increase was about 2 per cent.

KNP Leykam, the papermaking division for which it is seeking an industry partner, returned modestly to profit at operating level, as demand for wood-free coated sheets and reels increased. But the division was hampered by delays in restoring a paper machine in Maastricht to working order after an overhaul. The group is to increase prices for wood-coated paper in the current quarter, and expects to have to do the same for its corrugated and solid board packaging. Profit margins in these segments remained under pressure, it said. Profits were lower in packaging and flat in distribution, where its graphics systems unit failed to contribute.

KNP expected results for 1997 as a whole to be higher in distribution and to provide a "satisfactory return" in packaging. The sale of its plastic packaging activities to Tenneco of the US, approved yesterday by the European Commission, would provide a net extraordinary gain in the second quarter. Shares in the group rose F1 1.10 to close in Amsterdam at F1 39.50.

Gordon Cramb, Amsterdam

CanWest must sell Ten shares

CanWest, the Canadian communications group which is controlled by Winnipeg's Asper family, was yesterday ordered by Australia's federal government to reduce its economic interest in the Ten Network, the Australian commercial television network, within five months. The order, from Mr Peter Costello, Australia's federal treasurer, comes in the wake of an inquiry by the Australian Broadcasting Authority, published last month. This found that, as a result of share transactions between November and January, CanWest was effectively in control of 52.49 per cent of Ten's voting equity.

This is well above the 14.9 per cent voting limit to which CanWest, as a non-Australian company, should be subject, under Australia's media ownership rules.

Nikki Tait, Sydney

Edper and Brascan to merge

Edper Group and Brascan, two lynchpins of the Canadian industrial and financial services empire formerly controlled by the Toronto branch of the Bronfman family, have agreed to merge. The move is part of a series of steps designed to simplify the group's structure in the wake of financial difficulties and disquiet among institutional investors in the early 1990s.

Managers formerly employed by the Bronfmans have gained control of the Edper-Brascan empire in recent years. The group's interests include stakes in Noranda (resources), Brookfield Properties (real estate) and London Life (insurance). These managers, led by Mr Jack Cowell, will own 10 per cent of the class A and 67 per cent of the class B common shares of the combined company.

Bernard Simons, Toronto

Colonial made to re-open retail offering

By Nikki Tait in Sydney

The Australian Securities Commission, Australia's main securities industry watchdog, yesterday forced Colonial, the financial services group, to re-open the retail part of a public offer of shares and options in the group.

The banking and insurance group, which is in the final stages of demutualisation, closed the offer on Monday, four days ahead of schedule. It also brought forward the date for listing its shares, from May 19 to May 12.

Colonial had said the decision reflected strong response to the public share offer. "Demand from those who have already applied could not be satisfied to any reasonable extent if the offer were to remain open," said Mr Peter Smedley, managing director.

But potential investors complained to the ASC, and the securities industry watchdog yesterday insisted that Colonial re-open the offer for an extra two days next week.

Mr Alan Cameron, ASC chairman, said Colonial should have made clear in its prospectus the possibility of an early close on the offer.

"People who received the prospectus were entitled to believe they had until 5pm

today [Friday] to subscribe," he said. The ASC believed Colonial received more than 25,000 applications after the early closure of the offer, and that "even more people had intended to subscribe". The ASC had received upwards of 40 complaints.

Colonial said yesterday it would meet the ASC's demands, reopening the public offer on Monday and Tuesday next week. But it warned the offer was already "heavily oversubscribed".

If there were further applications, each investor would get less than the minimum application size of 1,000 shares and options.

Colonial's 550,000 policyholders - about half of whom are in the UK - have been allocated shares and options in the group as part of the demutualisation, and are able to sell these as part of the flotation.

In addition, Colonial is issuing 70m new shares. The public offer is fixed at A\$2.80 a share, while institutions have been asked to bid in an indicative range of A\$2.50 to A\$2.90. Under the latest timetable, the institutional offer will now be open from May 14 to May 16.

Colonial, which has been attempting to turn itself from a life office into an "Allfarms" group, is likely to be capitalised at about A\$2bn (US\$1.57bn).

PolyGram expands film unit

By Alice Rawsthorn

PolyGram, the Dutch entertainment group, yesterday unveiled proposals for the launch of its US film distribution company, in the hope of bringing its six-year-old film division into profit.

The new company, PolyGram Filmed Entertainment Distribution, will be launched in the autumn. As president, Mr Andrew Fogelson, a former Warner Bros and United Artists executive, will co-ordinate distribution of all the group's feature films in the US.

Until now PolyGram's features, including *Trainspotting*, *Fargo* and *Four Weddings And A Funeral*, have been distributed in the US either through its subsidiary Gramercy (originally a joint venture with Universal, the Hollywood movie studio) or through other companies.

Distribution is the most profitable, but also the riskiest area of the film business. If a film production company controls its own distribution, it keeps more of the profits on its hits, rather than ceding them to the distributor. Conversely, it is more heavily exposed to losses from flops.

PolyGram has already established distribution networks in the UK, France, Germany, Spain, Australia and the Netherlands. Until recently, it did not release enough films to justify the cost of operating such a network in the US, still the world's biggest single cinema market.

Mr Alain Lévy, president



Alain Lévy: the film unit "could, and I underline the word could" break even from 1998

of PolyGram, recently agreed to invest up to \$300m in the film division over the next two years so as to increase production and launch the US distribution network.

"Mr Lévy says the division 'could, and I underline the word could' break even from 1998."

PolyGram, which is also one of the world's largest

music groups, with U2, Elton John and Pulp among its artists, has already invested \$800m in creating its film division, in the hope of rivaling the established Hollywood studios.

Once FFO, the US distribution network, is working, it will continue to release any films opening on fewer than 1,000 US screens through Gramercy, but will

channel bigger movies through a newly created unit called PolyGram Films.

The first pictures to be distributed by PolyGram Films will be *The Game*, a \$60m thriller directed by David Fincher, who made *Seven*, and Robert Altman's *The Gingerbread Man*. The company will distribute five films in its first year, and up to 12 a year after that.

FT/S&P ACTUARIES WORLD INDICES

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REGIONAL AND COUNTRY MARKETS	THURSDAY MAY 1 1997					WEDNESDAY APRIL 30 1997					DOLLAR INDEX				
	US Dollar	Days Change	Point	Index	% chg	US Dollar	Days Change	Point	Index	% chg	High	Low	Open	Close	% chg
Australia (76)	228.19	0.4	208.38	182.13	203.88	182.41	0.4	207.38	182.41	204.71	183.47	182.19	188.44	208.38	0.1
Austria (24)	180.58	0.8	164.86	144.13	161.24	144.13	0.8	178.21	163.78	143.77	161.24	161.28	174.70	188.21	0.1
Belgium (26)	243.80	0.7	222.40	194.43	217.85	213.07	0.7	243.80	222.40	194.43	217.85	213.07	205.89	208.11	0.1
Brazil (30)	248.59	-0.0	224.50	195.82	220.09	195.82	-0.0	248.59	224.50	195.82	220.09	195.82	157.23	157.23	0.0
Canada (114)	191.45	0.8	174.78	152.81	171.08	152.81	0.8	191.45	174.78	152.81	171.08	152.81	154.12	182.40	0.1
Denmark (23)	361.41	1.8	322.96	288.46	322.91	288.46	1.8	361.41	322.96	288.46	322.91	288.46	251.86	294.87	0.1
Finland (28)	258.48	0.8	238.90	207.11	231.54	207.11	0.8	258.48	238.90	207.11	231.54	207.11	183.08	183.07	0.1
France (91)	218.17	0.5	193.18	174.13	184.38	174.13	0.5	218.17	193.18	174.13	184.38	174.13	188.94	188.94	0.0
Germany (98)	201.48	0.8	183.94	163.81	180.01	163.81	0.8	201.48	183.94	163.81	180.01	163.81	164.47	168.52	0.1
Gibraltar (27)	457.24	1.2	428.58	372.94	417.47	372.94	1.2	457.24	428.58	372.94	417.47	372.94	407.55	429.81	0.1
Hong Kong (58)	224.07	-1.4	204.57	178.54	200.20	178.54	-1.4	224.07	204.57	178.54	200.20	178.54	161.72	161.72	0.0
Indonesia (18)	333.26	2.0	304.26	265.59	297.76	265.59	2.0	333.26	304.26	265.59	297.76	265.59	270.08	273.85	0.1
Italy (59)	301.45	0.8	280.45	243.80	272.10	243.80	0.8	301.45	280.45	243.80	272.10	243.80	229.89	229.89	0.0
Japan (169)	118.03	1.3	107.76	94.21	105.46	94.21	1.3	118.03	107.76	94.21	105.46	94.21	70.57	70.57	0.0
Malaysia (107)	328.58	0.1	298.49	262.70	273.17	262.70	0.1	328.58	298.49	262.70	273.17	262.70	512.47	588.08	0.1
Mexico (27)	1343.57	0.2	1228.84	1072.39	1200.44	1072.39	0.2	1343.57	1228.84	1072.39	1200.44	1072.39	1100.36	1200.36	0.0
Netherlands (19)	325.94	1.8	304.26	265.59	297.76	265.59	1.8	325.94	304.26	265.59	297.76	265.59	240.49	240.49	0.0
New Zealand (14)	35.38	0.5	32.58	28.58	32.58	28.58	0.5	35.38	32.58	28.58	32.58	28.58	75.94	82.51	0.1
Norway (11)	297.31	0.5	271.43	237.20	265.84	237.20	0.5	297.31	271.43	237.20	265.84	237.20	243.72	251.28	0.1
Philippines (22)	158.74	0.0	144.82	128.70	141.83	128.70	0.0	158.74	144.82	128.70	141.83	128.70	171.81	177.00	0.1
Singapore (43)	364.27	0.1	332.57	290.79	325.46	290.79	0.1	364.27	332.57	290.79	325.46	290.79	301.49	370.25	0.1
South Africa (44)	351.52	0.2	320.16	285.58	320.16	285.58	0.2	351.52	320.16	285.58	320.16	285.58	285.58	285.58	0.0
Spain (25)	232.17	0.8	210.14	183.72	205.65	183.72	0.8	232.17	210.14	183.72	205.65	183.72	171.81	177.00	0.1
Sweden (48)	414.19	0.3	378.15	330.59	378.07	330.59	0.3	414.19	378.15	330.59	378.07	330.59	334.35	338.94	0.1
Switzerland (35)	270.08	0.5	248.58	215.55	241.29	215.55	0.5	270.08	248.58	215.55	241.29	215.55	223.36	240.49	0.1
Thailand (43)	73.89	0.1	68.07	62.59	67.83	62.59	0.1	73.89	68.07	62.59	67.83	62.59	72.98	78.75	0.1
United Kingdom (211)	286.49	0.3	261.56	228.67	261.56	228.67	0.3	286.49	261.56	228.67	261.56	228.67	228.67	231.37	0.1
USA (553)	323.11	-0.3	294.09	257.89	298.58	257.89	-0.3	323.11	294.09	257.89	298.58	257.89	254.79	257.30	0.1
Argentina (24)	226.49	-0.2	209.77	183.83	209.77	183.83	-0.2	226.49	209.77	183.83	209.77	183.83	202.32	213.38	0.1
Europe (729)	244.62	0.6	226.89	198.44	222.14	198.44	0.6	244.62	226.89	198.44	222.14	198.44	204.71	208.26	0.1
Nordic (150)	393.44	0.6	361.81	320.09	364.73	320.09	0.6	393.44	361.81	320.09	364.73	320.09	301.49	370.25	0.1
Pacific Basin (820)	138.65	1.1	124.78	109.07	122.10	109.07	1.1	138.65	124.78	109.07	122.10	109.07	174.82	174.82	0.0
Europe-Pacific (1829)	197.34	0.8	177.38	160.53	163.81	160.53	0.8	197.34	177.38	160.53	163.81	160.53	173.55	186.32	0.1
North America (757)	215.02	-0.2	207.81	183.72	205.65	183.72	-0.2	215.02	207.81	183.72	205.65	183.72	205.65	205.65	0.0
Europe Ex. UK (515)	222.81	0.8	203.42	177.84	198.07	177.84	0.8	222.81	203.42	177.84	198.07	177.84	165.65	180.48	0.1
Pacific Ex. Japan (309)	294.42	0.8	268.79	234.59	268.79	234.59	0.8	294.42	268.79	234.59	268.79	234.59	234.59	234.59	0.0
World Ex. US (1824)	198.78	0.8	170.92	149.08	158.88	149.08	0.8	198.78	170.92	149.08	158.88	149.08	178.94	189.64	0.1
World Ex. UK (2095)	287.38	0.3	263.24	230.83	263.24	230.83	0.3	287.38	263.24	230.83	263.24	230.83	230.83	230.83	0.0
World Ex. Japan (1982)	287.38	0.1	263.24	230.83	263.24	230.83	0.1	287.38	263.24	230.83	263.24	230.83	230.83	230.83	0.0
The World Index (2477)	230.08	0.3	210.04	183.83	205.55	183.83	0.3	230.08	210.04	183.83	205.55	183.83	202.32	213.38	0.1

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FTSE GOLD MINES INDEX

May 1	% chg	Apr 30	Year	High	Low	P/E	52 week
1493.28	+1.3	1468.53	2318.33	2.38	-	2322.85	1468.00

Gold Mines Index (25)
Africa (14)
Australia (6)
North America (12)

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Nomura shareholders sue former executives

By Gillian Tett in Tokyo

Shareholders at Nomura, Japan's largest securities company, have launched legal action against its former president and some officials following the recent scandal over payments to corporate extortionists.

The move is a further embarrassment to Nomura, which will learn in the coming days what government action it faces over the scandal.

It provides further evidence of a new trend in Japan, which has recently seen rising numbers of lawsuits brought by shareholders against company officials.

Last month shareholders of Sumitomo Corporation sued its directors for negligence over last year's copper losses.

In another case that could serve as a powerful precedent for the Nomura suit, directors of the Japanese retailer Takashimaya were forced to repay ¥170m (\$1.35m) to the company for paying similar bribes to extortionists - the first such incident in Japanese corporate history.

The latest case against Nomura has been brought by a group of Tokyo shareholders against Mr Hideo Sakamaki, the former president who resigned in March, and three former managing directors.



Legal action: Hideo Sakamaki

The suit demands that the four repay to Nomura about ¥70m they allegedly paid to a company related to "sokaiya" in 1995. Sokaiya are corporate extortionists who threaten to disrupt shareholders' meetings.

Nomura officials have recently acknowledged that Nomura did pay a company widely linked to sokaiya. Mr Sakamaki has always denied he was involved in the payments, although he resigned after the scandal broke.

Shareholders suits are rare in Japan, and until recently few were successful. The Takashimaya case was the first in which directors have been held personally responsible for sokaiya payments. They made an out-of-court

settlement to reimburse the company.

If the government prosecution finds the Nomura directors guilty in a criminal court of making the payments, Nomura shareholders might win their suit - or at least force the directors to acknowledge personal responsibility, some Japanese lawyers said.

Others suggested the outcome of the Nomura suit would depend on whether the government first won a criminal prosecution against the directors for the payments, illegal under Japanese law.

The government has not yet launched a formal criminal case against individuals. Its Securities and Exchange Surveillance Commission is investigating the matter and is expected to report within days.

Some officials connected with the case indicated that preliminary drafts of the report would call for several months suspension of business for Nomura, implying criminal responsibility for some individuals.

Any suspension of business could hurt Nomura. Since the scandal broke, a host of clients have refused to deal with the company - a trend which has knocked the group from its traditional position as the largest broker on the Tokyo Stock Exchange.

'Personal gain' may have led to Penguin losses

By Raymond Snoddy

Pearson, the UK media and information group, admitted yesterday that personal gain may have been a motive in the accounting irregularities at Penguin USA which led to a £100m (\$162m) provision in the 1996 accounts.

Until now, Pearson, publisher of the Financial Times, has said there appeared to be no rational motive for the behaviour of an accounts clerk who was dismissed for giving unauthorised discounts for early payments by book-sellers.

Lord Blakenham, in his last annual meeting as chairman of Pearson, yesterday said: "We believe there has been some element of personal gain involved in this matter. We may be making a claim for recovery against one or more third parties."

It is believed that the intricate series of manoeuvres designed to conceal the discounting may also have included a mechanism for syphoning off modest sums.

A number of Pearson small investors questioned how such a large sum could have been lost without management or auditors noticing.

Mr John Makinson, Pearson finance director, said as many as 64,000 different transactions were involved with one book chain alone.

Lord Blakenham added that a thorough review had now been completed of all core financial controls and that "nothing has come to light to cause us serious concern".

He said that since 1983, when he started working with Mr Frank Barlow and Mr Mark Burrell, the company's market capitalisation had increased from £313m to more than £4bn, with earnings per share growing roughly twice as fast as the market.

Lord Blakenham's record was praised by Mr John Govett, of Schroder Investment Management, on behalf of institutional investors.

THE LEX COLUMN

Living with Labour

Mr Tony Blair entered Downing street promising to stop the talking and start the doing. But what does he plan to do? The main feature of his skilful campaign was its minimalist content. Now we await the flesh and bones. The key point of departure, however, is not in doubt: "We ran for office as New Labour, we will govern as New Labour." Mr Blair said yesterday. Certainly not all will be rosy in the new Labour garden for investors. But fears of Old Labour "tax and spend" recidivism appear misplaced, not least because Mr Blair is so anxious to be re-elected.

As Mr John Major pointed out, Labour starts off with an extremely benevolent economic inheritance. The economy is growing strongly, inflation and interest rates are low, and unemployment is falling. Mr Blair and Mr Gordon Brown, the new chancellor, have expressed determination not to squander this legacy. Still, they face early and difficult decisions. The main one is how to head off incipient inflationary pressures without exaggerating existing economic imbalances. While the domestic, service-oriented economy is being driven by strong consumer spending, the traded goods sector is struggling under the weight of sterling, which has appreciated by around 17 per cent since last August.

Mr Brown has every incentive to take the harsh medicine early. This will allow him to deflect any blame on to the departing Tories. The easy part is to accept the Bank of England's advice and raise interest rates at the monthly monetary meeting scheduled for Wednesday. The harder bit will be using fiscal policy to slow the economy. Here the main focus will be on the Budget pencilled in for July.

Mr Brown should use both policy levers at his disposal. Raising interest rates next week is necessary, and would forestall any concerns that he is soft on inflation. But his efforts should then shift towards measures that can be taken in the Budget. This route has two big advantages. First, it would alleviate rather than exacerbate the imbalances in the economy. Second, tighter fiscal policy would take the wind out of sterling's sails. Markets are currently discounting a 100 basis point rise in rates by the year-end. If fiscal policy takes some of the strain, rates will rise less and sterling will lose some support.

A fall in sterling might fuel inflation, which would be bad for gilts.

FTSE Eurotrack 200:
2280.2 (+14.2)

Sterling

Against the Dollar (100 pence)



continental project is going ahead, the prevailing tone may very well shift. We could hear rather less sentimental attachment to sterling and rather more fretting that the UK is being left out.

Another awkwardness is that Labour has more or less ruled out joining in 1999. But that has not stopped Mr Robin Cook - traditionally on the eurosceptic end of the argument - openly noting that "it would take a very sober and serious calculation to stay out beyond 2002". And to join in that sort of timetable, some pretty substantial investor-friendly preparations - notably independence for the Bank of England and rejoining the exchange rate mechanism - would need to be made beforehand.

UK utilities

It is only natural, you might think, that when Labour wins a thumping majority the most politically sensitive stocks - the utilities - take a hit. Yet the market's logic looks shaky. The most obvious worry is that the new government's strong parliamentary position will somehow tempt it to extract more cash through the planned windfall tax. But does the parliamentary arithmetic really have anything to do with the matter? Even if Labour's majority were tiny, it is hard to imagine the party having difficulty pushing through a hefty windfall tax. In reality, the size of the tax continues to depend on what it always has depended on: Mr Gordon Brown's finger in the air.

But what of broader regulatory risks? After all, Labour has previously toyed with shaking up the regulatory system - perhaps introducing profit-sharing. However, all the signs suggest these notions have been dropped, and rightly so. Not only is the present system superior in theory, regulators such as Ms Clare Spottiswoode at Ofgas have demonstrated that in practice it has real teeth. And as for specific regulatory risks, such as the danger that the generators' grip on power prices could be referred to the Monopolies and Mergers Commission, these again have little if any connection with the scale of the government's majority.

Utility share prices continue to price in copious margins for precisely these kinds of risk. If anything, the current weakness provides a refreshing buying opportunity after the sector's recent strength.

Emu

What is the single most important decision Mr Tony Blair will have to take in government? Easy: whether to join European economic and monetary union. And on this question, Labour's staggering majority makes a big difference. It means the option is indisputably open to him, with no need to worry about selling it to sceptical parliamentary colleagues. Moreover, taking the Emu gamble could have persuasive attractions for Mr Blair: it would dramatically enhance the Labour government's standing with both Britain's European partners and the financial markets.

Naturally there are snags. One may be public opinion. After all, Mr Blair is pledged to a referendum before joining Emu. But as it becomes clearer in Britain that the

Bull sheds 5% after Paris sells another share stake

By David Owen in Paris

Shares in Compagnie des Machines Bull, the French computer group, dipped sharply yesterday on the first day of trading in the latest stage of the group's privatisation.

The shares closed down FF2.45, or 4.9 per cent, at FF47.5 (\$8.16) on heavy volume, compared with a 0.6 per cent advance for the benchmark CAC 40 index.

The decline came in spite of oversubscription of the French state's offering of 17.1m

shares in the company, representing 10 per cent of its equity. Analysts attributed it to profit-taking by private investors.

These investors were able to buy the newly offered shares at FF36, against FF38 for institutions and the FF49.95 level at which trading in Bull was suspended last month.

The offering has more than quadrupled the proportion of the company's capital traded on the market.

After accumulated losses of FF22bn between 1989 and

1994, Bull has been profitable for the past two years and is forecasting a further "clear improvement" this year.

However, the company's recovery has some way to go. Last year's 3.2 per cent operating margin was well below the 10.4 per cent average achieved by what Bull regards as its top five competitors.

The operation leaves the French state with a 17 per cent stake in the group, whose other shareholders include France Telecom, NEC of Japan and Motorola of the US.

Companies in this issue

APV	22	Dresdner Bank
AskyB	23	Edper Group
		Imagina Communications
Brascan	23	
Bull	24	KNP
		Morgan Grenfell
CanWest	23	Nomura
		Pearson
Colonial	23	PolyGram
Deutsche Bank	2	Unilever

Markets latest

FTSE 100:	4455.8	(+10.8)
FTSE Eurotrack 100:	2280.2	(+14.2)
FTSE All-Share:	2342.25	(+3.7)
Nikkei:	19,514.76	(+236.42)
New York: Dow Jones Ind:	7003.37	(+26.8)
S & P Composite:	803.83	(+5.3)
LONDON MONEY		
3-mo Interbank:	6 1/4%	(+11.03)
Life long gilt:	11 1/4%	(+11.03)
US LUNCHTIME RATES		
Federal Funds:	5 1/4%	
3-m Treasury Yld:	5.52%	
Long Bond:	6 1/2%	
Yield:	6.82%	
NORTH SEA OIL (Argus)		
Brent Dated:	\$17.77	(18.41)
GOLD		
New York ComexDec:	\$340.3	(840.4)
London:	\$338.90	(840.1)
Tokyo close:	Y 128.76	

FT WEATHER GUIDE

Europe today

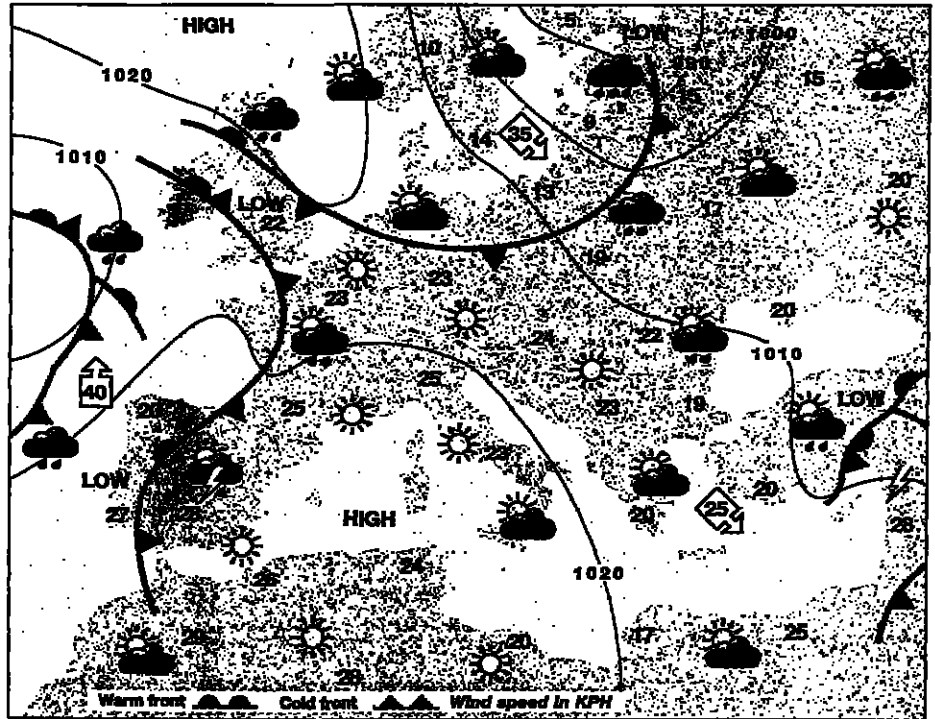
Most of the continent will remain warm, with maximum temperatures above 20C. Italy, eastern France and the Alps will be mainly sunny. Some cloud will move across the UK and western France, which may have showers or rain later. The interior of Spain and Portugal may have an isolated thunder shower. Southern Scandinavia will turn cooler with sunny spells and a shower or two. Poland and the Ukraine will have showers or some steady rain. The Balkan states and western Turkey will become dry.

Five-day forecast

Western Europe and southern Scandinavia will turn cooler and unsettled with frequent showers or outbreaks of rain. Most of central Europe will be warm with sunny periods until Tuesday, when thunder showers will arrive and temperatures will drop steadily. East and south-east Europe will stay mostly dry and warm.

TODAY'S TEMPERATURES

Maximum	Beijing	sun 28
Minimum	Belfast	sun 24
	Bombay	sun 24
	Buenos Aires	sun 24
	Calcutta	sun 24
	Cairo	sun 24
	Chengdu	sun 24
	Dhaka	sun 24
	Hong Kong	sun 24
	Kuala Lumpur	sun 24
	London	sun 24
	Manila	sun 24
	Moscow	sun 24
	New Delhi	sun 24
	Shanghai	sun 24
	Singapore	sun 24
	Taipei	sun 24
	Tokyo	sun 24
	Yokohama	sun 24



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

sun 28	Cardiff	fair 31	Madrid	thund 28	Rangoon	fair 38
sun 24	Cardiff	fair 20	Frankfurt	sun 23	Reykjavik	fair 7
sun 24	Cardiff	fair 20	Geneva	sun 23	Rio	shower 30
sun 24	Cardiff	fair 20	Glasgow	sun 23	Rome	sun 22
sun 24	Cardiff	fair 20	Hamburg	sun 23	S. Francisco	fair 19
sun 24	Cardiff	fair 20	Helsinki	sun 23	Seoul	fair 25
sun 24	Cardiff	fair 20	Hong Kong	sun 23	Singapore	shower 33
sun 24	Cardiff	fair 20	Honolulu	sun 23	Stockholm	fair 12
sun 24	Cardiff	fair 20	Istanbul	sun 23	Strasbourg	sun 24
sun 24	Cardiff	fair 20	Jakarta	sun 23	Sydney	shower 21
sun 24	Cardiff	fair 20	Jersey	sun 23	Taipei	sun 26
sun 24	Cardiff	fair 20	Karachi	sun 23	Tel Aviv	fair 22
sun 24	Cardiff	fair 20	Kuala Lumpur	sun 23	Tokyo	rain 22
sun 24	Cardiff	fair 20	London	sun 23	Toronto	rain 11
sun 24	Cardiff	fair 20	Luxembourg	sun 23	Vancouver	rain 14
sun 24	Cardiff	fair 20	Manila	sun 23	Venice	sun 22
sun 24	Cardiff	fair 20	Moscow	sun 23	Vladivostok	sun 24
sun 24	Cardiff	fair 20	Mumbai	sun 23	Warsaw	fair 17
sun 24	Cardiff	fair 20	Nairobi	sun 23	Washington	rain 20
sun 24	Cardiff	fair 20	Paris	sun 23	Wellington	sun 18
sun 24	Cardiff	fair 20	Peking	sun 23	Winnipeg	sun 15
sun 24	Cardiff	fair 20	Rangoon	sun 23	Zurich	sun 22

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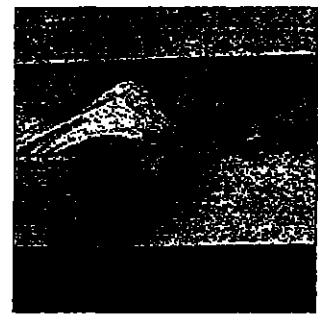
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Survival in Surinam

'Houses are windowless, built of wood with a thatch of palm leaves and a fireplace under a canopy.'



Stacked high

'You only look like a fashion victim if you can't walk in them and the soles don't flex.'



Soft sell

'After 100 years of screwing up, the government has got its attitude to sex about right.'

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Page III

Make war, not love

Julius Caesar was said by Suetonius to be every woman's man and every man's woman. In his early years, he seems to have been so sexually voracious that Latin warnings equivalent to "lock up your daughters, and your sons" swept through communities visited by Caesar's conquering armies.

Homosexuality was widespread within the armies of ancient Greece. Hoplites, the middle class citizen-warriors who formed the core of the Greek infantry, regularly fought alongside their young lovers in the wars between the city-states.

Thebes went as far as to create a Sacred Band of 300 shock troops, formed from pairs of lovers. Deep emotional ties served to mould the men into a highly successful fighting unit; the Sacred Band played a crucial role in promoting Thebes' military power in the 4th century BC, and went undefeated until its heroic annihilation by Philip of Macedon at Chaeronea in 338BC.

Far from attracting social sneering, this identification of homosexual love and military cohesion in "armies of lovers" was the stuff of legend in the ancient world. Achilles' rage at the death of his lover Patroclus outside the gates of Troy was enough to finish Hector and earn a place in Homer's Iliad.

More recently, homosexuals have fared less well. The rise of Christianity meant that for many centuries the love that dare not speak its name disappeared from military records. Homosexuality was banned in 19th century Britain and early 20th century America. In the 1920s, US recruiters looked for the "stigmata of degeneration" to weed out gays from the armed forces, and homosexuals have been hunted more or less constantly ever since. Despite increasing acceptance of gays in society since the 1960s, the military remains deeply hostile to homosexuality.

While there are divided attitudes to gays in society as a whole, the issue strikes a particularly raw nerve in the world's armed forces. But why should homosexuality cause so much angst in modern militaries? If it was acceptable for Caesar or Alexander, why not in a modern major general? If sexual love was a tool which could forge a deep esprit de corps in ancient Greece, why not in the UK or France?

It is clearly not possible to make direct comparisons about military methods and social attitudes across 2,500 years, yet the need to bind fighters emotionally into a unit remains as important today as it was in the ancient world. Many of the techniques used by modern armies to train recruits are designed to promote cohesion between brothers in arms: the military relies on generating a love which can make a soldier lay down his life for his friends.

Yet although there is a range of legal approaches, from active tolerance in the Netherlands to total ban in Britain, armed forces everywhere have a consistent dislike of homosexuality, male and female. At one extreme in Russia, the situation is described as "like the British Army, a century ago. Officially, it doesn't exist. Unofficially, sergeants beat gays up or help themselves

Modern armed forces loathe homosexuals, claiming they weaken fighting units. They say military cohesion is more important than moral considerations. Bernard Gray wonders whether this is right



as the whim takes them." In China, homosexuality is treated, sometimes brutally, as a mental disorder. Even at the other end of the spectrum, in the liberal Netherlands, there are few openly declared homosexuals.

At the same time as promoting strong tribal links between individuals, modern armed forces make watertight distinctions between the bonding of the group and homosexual ties. This may be partly because they seek to ease fears about identity in the minds of young, emotionally inexperienced recruits. Being physically close to other members of the same sex and being encouraged to feel strong emotional links to them may be made to feel permissible if at the same time the young squaddie can insist that he is not queer.

Those who run the armed forces also claim that the modular nature of modern armies means that a soldier's identification has to be with a disembodied tribal notion of the unit, rather than with overly deep personal attachment to a few close friends.

The loathing of homosexuality in modern armies goes well beyond this, however. It is bound up with the notion of what constitutes the group and what is "other". Armed forces are often misogynist and racist as well as homophobic, as the US Tailhook scandal, in which women navy officers were sexually molested by male colleagues, and recent US rape trials involving female recruits and male superiors, graphically demonstrate.

Military units form an idealised image of a group member: those who do not fit that mould, from civilians

to other services to people with ears that stick out, are ridiculed. This sense of exclusivity as a binding force for the group reaches its ironic height in the cap badge rivalries between units, where members of the same army are condemned as "crap-hats".

In the case of homophobia, this leads to some virulent prejudice: research by the British Ministry of Defence last year uncovered shocking and violent attitudes among service personnel.

"If there were a homosexual on board, he will have an accident waiting for him when no one is looking,"

Deep emotional ties served to mould the men into a highly successful fighting unit

said one 23-year-old able seaman in the Royal Navy.

"I would never serve in a unit where a known homosexual is serving and like many others would quite happily smash their faces in if I found any in my unit," claimed a 29-year-old Royal Signals corporal.

And according to an infantry corporal: "The first homosexual to come out will get attacked or shot."

That such homophobic attitudes exist is perhaps not surprising, but the extent of the loathing is remarkable. Almost 90 per cent of male personnel strongly objected

to the presence of gays, with less than 10 per cent prepared to back a more tolerant approach. Many also felt free to voice opinions, such as those quoted here, which imply a preparedness to commit murder.

Stonewall, and other gay activist groups, dispute the methods used in the MoD's survey, and there must be an element of braggadocio about some of the more violent threats. Anecdotal evidence also suggests that service personnel are more tolerant of gay individuals than their attitude to the abstract issue might suggest.

Even so, there can be little doubt about the intensity of the opposition to homosexuals. This resistance is now the cornerstone of the British MoD's opposition to gays, with officials claiming that over-riding such strongly held views would diminish the cohesion of the UK's armed forces in combat.

Cohesion is vital to the success of modern armed forces on the battlefield; military thinkers agree on the decisive role for the co-ordinated application of force in warfare. The MoD argues that since war is about winning, not taking part, it verges on the immoral to do anything to damage the combat effectiveness of those who risk their lives to defend their country.

Gay lobbyists claim, however, that there is no evidence of a decline in combat cohesion of countries which have allowed homosexuals to serve. This seems to be backed up by a report from the Rand Corporation for the US government, which found that none of the armed forces which had relaxed their rules on gays had

encountered significant problems.

Such bland reassurance may mask more than it reveals. In countries where politicians have forced through change, there is little incentive for the military to argue that it has a discipline problem which it cannot control. In these countries research into the impact of gays on the military has also been discouraged. And the presence of so few open homosexuals in any of the "tolerant" forces hints that many still fear intimidation.

There are also grounds for suggesting that even where

Should we not say: 'This will be unpopular but we are going to do it because it is right'?

social attitudes have shifted, and legislation is strong, military prejudice can prove hard to eradicate. Incidents of sexual harassment, such as Tailhook, and the "pervasive racism" in the UK military unearthed by the Office for Public Management in a recent investigation, hint that gays may not find life easy if British law on homosexuality is changed.

Yet even if there is an impact on military cohesion, even if gays are bullied, even if some in the military feel that they would have to put up with people they find repugnant, there remains a

strong moral case for change.

At present, *de jure* in the UK and *de facto* elsewhere, homosexuals are being told that they are not welcome in the military on the quasi-arbitrary basis of prejudice against one aspect of their identity. Most homosexuals, like most heterosexuals, do not wish to join the armed forces. But for those who do, this bar is an infringement of their right to serve. Even those who do not want to sign up say they feel less a part of a society which will not accept them as fit to die for their country. The prospective harm to the military must be great to justify such inequality.

Ironically, the treatment handed out to gays who have been expelled from the military in the UK further weakens the MoD's case for a continued ban. Since there is usually little evidence to prove someone's homosexuality, the UK's Special Investigating Branches have relied on confessions, often brutally extracted.

Duncan Lustig-Preen, a former lieutenant commander dismissed from the Royal Navy because he was gay, was asked in an interview typical of its type: "Is this a picture of your dog? Do you have sex with it?" There are numerous examples of similar insults. Even if the ban could be justified on military grounds, toleration of such behaviour by those who run the military could not, and this brutality undermines the claim that the current system is well disciplined.

The new government elected in Britain on Thursday faces challenges to this policy over the next year as cases in the European courts

administration and Pentagon chiefs is slowly being strangled by its own contradictions. What happens to gays who are discovered in US forces, and the lack of clarity over whether the military is tolerant or not, means that gays are continuing to leave the military while the threat of legal challenges mounts.

Inherent in all of this is a collision of public goods: a clash between what constitutes an effective military, and the right of the individual not to suffer discrimination. It drags in the uncomfortable notion that armies may refuse to learn tolerance. That these goods may not be reconcilable, that it may not be possible to have a military which happily includes women, ethnic minorities and gays in an optimal fighting force. That societies may have to choose.

Unfortunately, the issue seems most likely to be thrashed out in the courts in narrow legal arguments, rather than as an open debate within society about the kind of communities western democracies wish to be. Governments, scared of conservative reaction, may let the judiciary make the tough choices for them.

While such stuff is the everyday currency of low politics, it seems too mean an attitude to an issue which is, above all, a declaration of principle. Rather than being dragged into change, it would surely be better to make a choice which says: "Yes, this will be deeply unpopular, and yes, it may damage our military effectiveness, but we are going to do it because it is right."

Western society is not threatened by a monolithic enemy which demands the sacrifice of moral rights to expedience. Nor is it besieged in the war of ideas. Its biggest challenge is to fulfil the promise of its own open and plural nature. It is time to show the grace and tolerance which all of the fighting was supposed to defend.

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Joe Rogaly Klingon business

'Nowhere is Microsoft-free; there is no spot to which Mr Gates cannot beam himself down.'

Page III

True Fiction

Short-cut to numero uno

'My mind has been tripping with breezy tunes. Something sensational is about to happen.'

Page XXIV

PERSPECTIVES

Steve Wilsher has the kind of job little boys dream about. One afternoon he is experimenting with powder and milk to create tiny mushroom clouds for a feature film; the next, he is making a sculpture for a satellite television company logo.

For the past 20 years, he has been running Creative Effects, which makes special effects for commercials for television companies and the cinema, and trophies for television and advertising ceremonies. At the back of his workshop are the remains of a Swiss mountain stream used in a recent commercial for Mollie, a Norwegian grape and apple drink; two polystyrene 2ft by 2ft tanks, a polystyrene "mountain" and six bags of pebbles.

In Wilsher's workshop is an inflatable "2", used for self promotion by BBC2 between its programmes last year. And on the floor can be found a box of 90 white plates, joined by biro tips. The plates spin together and form BBC's new symbol. He has also made masks for horror films, such as the BBC Frankenstein series, created burnt-out cars, bags of spool blood and graphics for the Open University television programmes.

Wilsher says his job requires mechanical and chemical knowledge, and plenty of creativity. "Engineering know-how is essential, but not always. Sometimes you fly by the seat of your pants, for example when we joined the plates together with biro tips."

The last 12 months have been the best in the company's history. In the year to February 1997, Creative Effects made pre-tax profits of £50,000 on turnover of about £100,000, an increase of 15 per cent from the previous year when the company made £42,500 before tax on turnover of £85,000. Next year, he expects turnover to be between £115,000 and £120,000.

Creative Effects has benefited from the increasing fragmentation of the television production industry. But Wilsher also puts the company's improved profits down to its conscious effort over the last three years to



From biros, plates, polystyrene and just about any old rubble, Steve Wilsher and team can create visual extravaganzas

Colin Brown

Minding Your Own Business

Behind the bloody masks . . .

. . . is plenty of hard work and lots of creativity, finds Heather Farmbrough at a special effects company

pay scrupulous attention to detail.

"We've constantly checked ourselves to make sure we were as effective as we could be," he says. "This is a knife edge business: if we make one small mistake which costs our clients several thousand pounds, that's it."

Wilsher admits to having had plenty of sleepless nights worrying about where the next month's work will come from. When the company moved into its current premises in 1995, orders slowed inexplicably for several months. And on more than one occasion, to cover

short-term capital requirements, he has had to give personal guarantees on bank loans, which he says he found deeply worrying.

The company's origins go back to 1971 when Steve, who graduated from Hornsey College of Art and Design with a diploma in Industrial design, was made redundant from his job as a motorcycle designer with BSA, Birmingham Small Arms.

"My last and only proper job," he says wryly. A friend who worked as a set designer introduced him to the BBC and Wilsher started

making occasional special effects from his parents' garden shed in Ealing, with the help of his father, Godfrey.

Tim Lamont, an old school friend, also started helping out as Wilsher took on more work in the 1970s. When his parents decided to buy a small workshop in Kew for their cycle business, Wilsher and his wife Lizzie moved into the flat above. He continued to make special effects in the workshop on an ad-hoc basis while also helping his parents out. But in 1977 he decided finally to establish his own company. Lamont took a two-year art

and design foundation course at Kingston to gain a formal training, and Wilsher's mother and father joined the business full-time to run the office and do the accounts.

The business grew steadily throughout the 1980s and early 1990s, and in 1995 Wilsher bought a 3,500 sq ft Victorian former dance school, for £170,000. The building, which has previously hosted the Teddington Working Men's Club and a police station, is also allegedly home to a ghost, an appropriate source of inspiration for Wilsher's more

ghoulish effects.

The building comprises a 630 sq ft studio which Wilsher rents out to production companies for £250 a day, and the main workshop, which is roughly the same size. The tools of Wilsher's trade include equipment one might find in any small engineering business - lathes, drills, a vacuum-former currently producing gold ingots, and a spray booth.

Machinery accounts for Wilsher's biggest expenditure to date, in some years amounting to £300,000. He manages to keep costs down however by hiring equip-

ment for the more specialised effects when required, such as a Volkswagen engine to create a wind effect.

The relaxed atmosphere in the workshop belies the serious side of the business. All machinery conforms to national and EU safety requirements and the workshop is inspected by Health and Safety Executive officials. Wilsher also insists that employees wear respirators, ear-muffs, goggles and protective clothing for particular projects. His safety record is unblemished and he wants to keep it so.

Wilsher's main problems concern people rather than materials. Each big project invariably requires the workforce to expand from six permanent employees to around 15. The hours can also be long, from 8.30am to early hours the following day. Wilsher says this is one reason he moved into premises only five minutes' walk from home.

"The amount of effort needed to achieve the result is tremendous," he says, "and it's difficult to make sure you're at your best when you've hardly slept for several nights. It's very easy to make mistakes."

Another hazard is petulant production company directors. "Most of our business is done on trust," he explains. "Until we've been paid, the director can simply turn around and say 'this wasn't what we discussed', even if it was. Assessing the client is very hard - the most charming can be utterly unreliable."

In an industry where reputation and word of mouth is crucial, Wilsher has to tread carefully with even the most difficult of clients. He is convinced he can only maintain his reputation while he has his finger on the pulse and so has deliberately kept the company small.

"The more you expand, the less control you have," he says. "I don't want to lose the essence of my company. People come because they know Tim and I are here." He has also maintained the family touch - his mother makes sandwiches every day at lunchtime for all the employees and there is a fully equipped kitchen upstairs for their use.

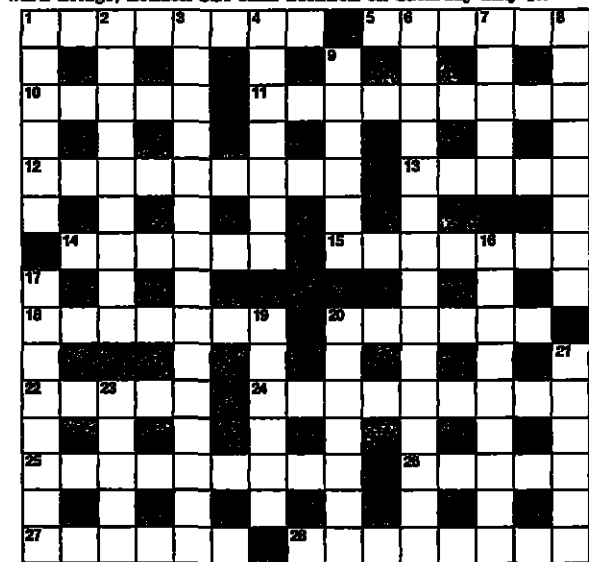
Despite keeping the business fairly small, Wilsher says he worries that the amount of time he has to spend running the business can detract from his creativity. But his dedication to his art holds him in good stead, and he says he is proud of the fact that his team can make anything on time and within budget. "We can work from a pile of rubble and make something pristine and beautiful."

■ *Creative Effects, Church Road Studios, 30 Church Road, Teddington, Middlesex, TW11 8PB. Tel: 0181-943 1066.*

CROSSWORD

No. 9,365 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen for the first correct solution opened and four runner-up prizes of M200 Pelikan fountain pens. Solutions by Wednesday May 14, marked Crossword 9,365 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday May 17.



Name _____
Address _____

ACROSS

- 1 Incapable of excitement at very large income (6)
- 5 Large helping of puppet work (6)
- 10 Boredom for some's given nuisance to others (6)
- 11 Moments before start of year out of Ulster district (5-4)
- 12 Leave your car at the sign - slow mover outside (7)
- 13 Number with remainder on top (6)
- 14 Old train making a lot of noise with Roman boy around (6)
- 15 Some fundamentalists are prohibitionist . . . around Kabul (7)
- 16 Nectar drinker gets a bit of butchy from conductor (7)
- 20 Interfere with doctor in case (6)
- 22 Mopper up has the backing of many including the FT (6)
- 24 Volatile rather than hermetic (9)
- 26 Signature of author, all but the last page removed (9)
- 28 Crimean man supplying printer (6)

Solution 9,364

STEADY PLEASURE
ONCE UPON A TIME
URGENT DELIBERATE
ERKINSHAM
SLATEDLY SAVOUR
EVENLY EVIDENCE
SASSY SASSY
ACCIDENTAL DANCE
UMBRINE LICHORIN
REBELLE
DOWNGLOVE CLICHE
ENIGMA
RIGHTFUL VESSES

WINNERS 9,363: Dr S.W. Kemp, Yeovil, Somerset; J. Anslow, Farnham, Surrey; B. Lovett, Wembley, Middlesex; F.E. Linforth, Fuengrola, Spain; Mrs G. Pickles, Stratford upon Avon; C. Verrill, Brightlingsea, Essex.

CHESS

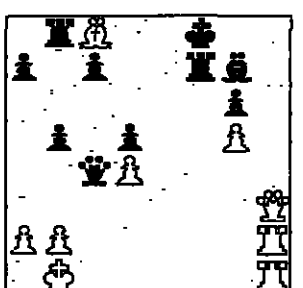
Garry Kasparov, who sees himself as a bastion of human thought against the advance of chess playing computers, takes on his most important silicon challenge this afternoon when his six-game, \$1.1m return series against IBM Deep Blue opens in New York.

Kasparov has lost to computers at five-minute blitz chess and at 25-minute rapid-play, but he won two previous matches against Deep Blue and its predecessor Deep Thought by 3-0 and 4-2, despite his celebrated defeat in the first game of the 1996 match. Deep Blue is part of IBM technology which is applied in pharmaceutical development and astrophysics research. It calculates 200m moves a second, but its team of five scientists plus the grandmaster Joel Benjamin realise that their main problem is Kasparov's skill in exploiting DB's horizon effect, the machine's inability to judge a long strategic sequence.

IBM's internet site (<http://www.chess.ibm.com>) has boosted its capacity which was overwhelmed last year by millions of fans seeking to follow the match move by move. I expect Kasparov to win 4½-1½, but computers are ruthless against casual

play, as in this game where a Chinese grandmaster tries a dubious opening (Kallisto v Ye Rongguang). 1 e4 e5 2 Nf3 Nc6 3 d4 exd4 4 Nxd4 Ng7 5 Nc3 Nxd4 6 Qxd4 Nc6 7 Qe3 g6 8 Bd2 Bg7 9 Nd5 de If Bxb2 10 Bc3 10 Bc8 11 f4 Bc7 12 Bc4 Bxd5 13 Bxd5 Qd7 14 f5 gxf5 15 exf5 Qe7 16 Be6 Nc8 17 0-0 Nxe6 18 fxe6 0-0 19 Rf6 c6 20 Bd4 Rxe6 21 Re1 c5 22 Bc3 h6 23 Qe3 Kh7 24 Qd3 Kh8 25 Bd2 Qe7 26 Rb5 f5 27 Bxb6 Bxb6 28 Bxb6+ Kgt 29 Rb5 Resigns.

No 1178



M Chandler v F Nijboer, Lloyds Bank 1992. White (to play) was short of time, and while searching for a win after 1 Be6 R4 his clock flag fell. Can you suggest a less tragic finish for the grandmaster? Solution Page XXXI

Leonard Barden

BRIDGE

If you declined to vote this week, here is a second example of finding yourself in the enviable position of not caring which side wins.

N
♠ K 5 2
♥ 4 3
♦ A K Q
♣ A J 2

W
♠ 9 3
♥ K Q 10 7 5
♦ 8 5 2
♣ 9 4 3

E
♠ 4
♥ J 9 6 2
♦ 10 9 7 3
♣ Q 8 7 5

S
♠ A Q 10 8 7
♥ A 8
♦ J 6 4
♣ K 10 8

South opened 1S and North correctly jump-shifted to 3D. A jump shift is a fine prelude to slam investigation, but only when the responder knows which suit will be trumps. To jump with a strong hand but no fit will waste the bidding space required to determine the best contract.

Here, however, North can agree spades at his next turn, and 6S should be

reached without difficulty. With a certain heart loser, discovering the position of Q♠ seems to be the key. There is no need to agonise however, as good technique will force East-West into revealing its whereabouts. Winning K♥ lead, South should draw trumps, and eliminate diamonds from both hands by cashing all three rounds. This simple process prevents the opponents from safely leading a diamond later. Declarer now loses the lead by playing his other heart - leaving no hearts in either hand also. Often, it is important to exit into one opponent's hand rather than the other, but here, he is supremely unconcerned.

Whichever opponent finds himself on lead will be forced to lead either a club - providing a free finesse, or a red suit which allows declarer to ruff in one hand and discard the club loser from the other.

Paul Mendelson

The Nature of Things

Artificial ambitions

A 47th chromosome may one day be possible, says Clive Cookson

The nucleus of every cell in our body contains 46 chromosomes that look under the microscope like sausages made by a drunken butcher. They are the chromosomes, containing the 80,000 or so genes that control our development as individuals from conception to the grave.

Today, anyone with more than 46 chromosomes per cell - arranged as 23 pairs - would be seriously ill. But in a few years, people may be given extra chromosomes as a treatment for disease. Scientists have recently taken a big step in this direction by making the first mammalian artificial chromosomes (MACs) and human artificial chromosomes (HACs).

Present techniques for inserting new genes into cells - to create transgenic animals or carry out gene therapy in humans - are very crude. Whether the genes are micro-injected into a newly fertilised egg or carried into cells by specially adapted viruses, there is little control over where they go. This hit-or-miss approach is partially responsible for the disappointing record of gene therapy trials so far.

The attraction of MACs is that, instead of being inserted at random into the nucleus, new genes could be wrapped up in a special chromosome with its own machinery for maintaining and replicating DNA.

Two biotechnology companies, Chromos and Athersys, have reported the successful production of experimental MACs within the past year, in collaboration with academic researchers. And Henry Geraedts, chief executive of Vancouver-based Chromos, estimates that a dozen other academic research groups are working on mammalian artificial chromosomes.

Scientists are not only excited by the potential practical applications. They also believe that MACs will be valuable research tools for the next stage in the International Human Genome Project - moving from mapping and identifying genes to understanding how they work together to cause disease.



A view through an electron microscope of a mammalian artificial chromosome made by Chromos

The first artificial chromosomes were made in yeast more than 10 years ago, and these YACs have become an essential tool for genome research. They were prototypes for the new MACs, which are much more complex constructs.

A human or mammalian chromosome requires three components to function properly: ● Telomeres are DNA caps on the ends of the chromosome with a similar role to those on a shoelace - to protect the main structure from damage.

● The "origin of replication" is a stretch of DNA that initiates the process in which the chromosome reproduces itself.

● The centromere is a DNA structure in the middle of the chromosome that plays a vital role when the cell divides. It seems to be an attachment point for the protein fibres that pull the duplicated chromosomes apart.

Huntington Willard, leader of the Case Western Reserve University group that produced HACs in collaboration with Athersys, says the most difficult part was to make functioning centromeres that remained stable through multiple cell divisions.

The Athersys/Case Western Reserve HACs are minichromosomes, about one-

tenth the size of natural human chromosomes. But they maintained their independent existence inside the nucleus and continued to function through 240 divisions in a laboratory cell culture.

"We are already moving ahead to refine the system and begin building an efficient and versatile vehicle for the introduction and stable maintenance of

In a few years' time people may be given extra chromosomes as a treatment for disease

therapeutic genes in human cells," says Gil Van Bokkelen, chief executive of Athersys.

Tests will begin on animals late this year and on humans within two to three years, the company says. While Athersys is aiming its HAC straight at human gene therapy, Chromos is taking a more cautious approach.

Geraedts says his company sees immense long-term

potential in gene therapy, particularly using MACs as "gene cassettes" to slot in genes and gene-complexes that are too large to be inserted in any other way.

But the first application of the Chromos MAC will be to improve the yield and versatility of mammalian cell cultures as a source of protein drugs.

The second proposed application of the Chromos technology will be to produce better transgenic animals - as models of human disease, production systems for human proteins in milk, and sources of organs for transplantation into people.

Chromos is an unusual Canadian-Hungarian company, with corporate laboratories in both countries. It is based on the work of Gyula Hadlaczky and colleagues at the Hungarian Academy of Sciences Biological Research Centre in Szeged.

In February, it opened the world's first pilot plant for MAC production in Vancouver; this can produce chromosomes for research at a rate of about 5m a day with 99 per cent purity.

However, much more research will be needed - particularly into ways of delivering HACs safely and efficiently into human cells - before doctors are in a position to offer anyone a 47th chromosome.

PERSPECTIVES



Joe Rogaly

No spot on earth will be Microsoft-free

Klingon businessmen and their satellites make it vital that we devise a new way of running the world

We have to face the truth. The Klingons are taking over. They are no longer trying to hide their intentions. How else can you explain their multi-billion dollar scheme to launch more than 300 communications satellites, starting in the year 2002? This army of messenger-robots will carry information between corporations, across boundaries. It will bypass governments, circle the globe, reach into every telephone, every private domain, know everything. You will have read about this ingenious strategy over the past few days. The key participants are Bill Gates, founder of Microsoft, and Craig McCaw, who acquired something approaching a dozen billion dollars when he sold his cellular phone business in 1994. All right, so they are not

Klingons, not in outward appearance anyway. Just tell yourself they are a couple of friendly humanoid multi-billionaires. If that brings you closer to them than you are to the aliens in *Star Trek*, good luck to you. Did I say aliens? Mr McCaw is a mystery to me. So is Mr Gates, but in his case there is a familiar feeling about his presence. Let us digress for a moment, and you will see what I mean. Just eight days ago I was in Johannesburg, visiting a senior African National Congress politician, a man with the impeccable credentials of having done time on Robben Island with Nelson Mandela. "I just took a call from Bill Gates," said our host, a hint of pride on his face. "He has plans to bring computers into every part of Africa." See? There is nowhere that can be called

Microsoft-free, no spot on earth to which Mr Gates cannot beam himself down. The emperor of the nerds' arrangement with Mr McCaw is stupendous. The pair have persuaded Boeing to pay \$100m for a tenth of Teledesic, the company that will own the new satellites. Its network, aloft and omnipresent, will serve millions of users simultaneously. Their devices will be able to communicate with one another 60 times faster than the modems in contemporary personal computers. Simply rehearsing this prospectus makes us dizzy. What, I wonder, would happen if there was a hook-up to surveillance cameras? The answer is too easy to imagine. Yet we need not be conspiracy theorists to feel the power of the Klingons. In the FT account of the deal with Boeing

the chief executive of Teledesic was quoted as saying the new service "will offer the same performance in Africa as it does in the US". A little shiver went down my spine as I read that. We will not weary you with further details. Just let us say that the good-gosh news from Teledesic will not end with Boeing's purchase, or its appointment as prime contractor for the design construction and launch of the proposed fleet of low-orbit sputniks. That is merely a symptom. The nub of the matter is that the capacity of electronic gadgets to carry information is expanding faster than our ability to make good use of it. When all the currencies on all the screens of all the dealing rooms on the globe have been turned over once, what then? Spin them around monthly?

Weekly? Daily? Continuously? It will be the same when it comes to shipping commodities or manufactured goods, siting factories, exporting or importing jobs. Think about it. At 1997 prices, charges for the use of telephone and satellite links are historically low. Companies place their screen-based operators wherever they are cheapest to hire. The cost of calls continues to fall. It will surely plunge headlong when the 2001 network is in place. Talk of a global economy may be premature in some sectors, but in the information, entertainment and financial services industries no other appellation is accurate. Corporations that operate in many countries are able to pay taxes where they are lowest. Always cognisant of the costs of being found out, these giants can

choose where to do what. They drift naturally to where the laws are most amenable. This journey away from the rule of law will be accelerated by the new network. The chances are that during the coming decade the boards of the planet's 100 largest companies will become more powerful, more relevant to individual lives, than the governments of the 100 largest countries. I am not one of those who snarl and spit whenever the words "multinational corporation" are uttered. The workings of any market can be benevolent, given a modicum of decent regulation. But homo sapiens is weak, easily corrupted. Put one of us in charge of a tobacco company and we will sell most where the anti-smoking movement is least forceful. Sales are what drives business. We will

hawk artificial milk to third-world mothers, if we can. We are witnessing the start of a greater triumph for the free market than the proponents of capitalism can have dreamed of. The relevance of government is becoming more difficult to define. Nation-states still exist, but their power is circumscribed, diminishing. Heaven knows what can be done about this. When someone tells you that what we need is world government you know you are in the presence of a nuttier. Nothing so outlandish will be heard here. But simple common sense tells us that laissez-faire is not good enough. Better to foster tough international laws, agreed between governments. That might protect individuals, if a way could be found to control our new corporate masters.

Lunch with the FT

The descent from the top shelf

Lucy Kellaway meets Ralph Gold, the soft-porn king who says he still respects women

Im on the same page as the Queen! Ralph Gold could hardly contain himself. He had just seen the Sunday Times' latest ranking of Britain's richest people and found that he and his brother David had been valued at £230m, just £20m less than the Queen herself. But that was only part of his exhilaration that morning when I telephoned him to fix lunch. He was holding the first published copy of his autobiography - a volume with a pair of female legs on the cover and a rag-to-riches tale inside of how two East End boys made a fortune in girls' magazines. The two now own a soft-porn publishing business, the Ann Summers chain of sex shops, and a half share in David Sullivan's high-nipple-count Sport Newspapers. They also own half of Birmingham City Football Club (again with Sullivan) and a charter airline. Ralph Gold was longing to have lunch with the FT. He had written in proposing the interview himself, and had suggested that I come to visit him at his offices. But as I got off the train at Whyteleafe in Surrey and made my way past the dingy hairdresser and the scrap metal yard, I begin to have misgivings. In the reception of Gold Star International there are out-of-date copies of girls' magazines and a sign warning visitors that marital aids cannot be purchased there. Up several flights of shabby stairs, Gold is standing beaming. A tiny, slight figure, he shakes my hand warmly and asks my name. He calls out to his brother, "I can't talk to you now - a young lady has come to see me." They make a few lascivious noises, but seem a bit half-hearted. Until now the Gold brothers have avoided the media. They have spent their lives trying to stay on the right side of the Obscene Publications Act, and realised early on that there was little point in drawing atten-

tion to themselves. They read the kind of publicity their friend Sullivan gets and consider themselves lucky to be out of it. "The media calls him the Sultan of Sleaze," Gold says indignantly, pouring me a cup of coffee. "But he is not a pornographer. He is in the same business as us. We are like a publican selling half a pint of bitter, and from the way they carry on, you would think we were selling heroin." Gold has decided to blow his privacy to smithereens with a book describing, in detail, not only the ups and downs of his business but of his own sex life, too. "The reason I am coming out of the closet is that the book puts it all over from my side," he explains as he leads me to the car park. He clicks his key ring and his blue Daimler unlocks itself. "I hope you're not a feminist," he says. I say nothing, and he doesn't press the matter. In the car he warns that Villa Sonia, the hotel to which he is taking me, is likely to be empty. "They are such lovely people, but they don't get any business." Indeed, when we get there the only person in the restaurant is Sonia herself. Gold greets her warmly. "This is Judy," he says, introducing me. "I bring a different lady here each time I come." They both laugh. We walk across the garish patterned carpet to the far corner of the large, deserted dining room. "What I will say to you, Judy," he tells

me in a hoarse whisper as we settle ourselves down with a bottle of water, "is that right now I have reached the pinnacle. I've got £230m. I've got a wonderful family. I have a wonderful relationship with my girlfriend Diana." The chef approaches holding up a melon. Gold says that we will have that, and then asks if I like Dover Sole. I say yes, and that settles it. "You know, for the book I wrote 1,027 pages," he says. "It was more than Churchill's autobiography!" He offers to show me the full version in his office later, but I insist that after reading the 430-page version I have got the gist. Over the melon he tells me that girls' magazines have never had it so good. "After 100 years of screwing up, the government has got its attitude about right to sex." He claims that every member of the Establishment has always loved his magazines: the problem has been their fear of what their wives might think. "In the past, if John Major liked our girls he would perhaps have been reluctant to let Norma know that, and to prove that he wasn't interested himself he would stamp down on them. But now people realise their wives don't mind. The wives might have a look themselves - they are not that bothered." I try to imagine Norma flipping through her husband's magazines, but do not manage it. The business, he explains, is like chocolate, and the best way of making sure that people do not over-indulge is to let them have as much as they like. "If you went to work in a chocolate factory, you might have the odd choc, but you wouldn't be that bothered." But that is no argument for opening the gates to hard porn, which he sees as a different market. "If we were like Holland, totally free, I would still have my own personal guidelines. I wouldn't



Ralph Gold: 'Now, people realise their wives don't mind about our girls. The wives might have a look themselves'

have anything depicting pain, or anything that is linked with animals. Anything involving children is a disgrace." I say that chocolate factory or no, one argument against girls' magazines is that they encourage men to think of women as sex objects. He looks incredulous, as if he has never heard this hackneyed argument before. "I look at these mags. I look at how big their tits are. But I still respect women as I did. These are printed images, but a human being has feelings." Two oval plates are brought with a large filleted sole on each. "Is that nice, or is that nice?" he exclaims. To my surprise, it is nice. Lovely, in fact. As we eat, or rather as I eat, he tells me about how his magazines and products have helped his own sex life. "I was so anxious about sex," he tells me. "As a 18-year-old boy I couldn't get hold of any sexy magazines. Being a successful amateur boxer did not help, as in those days sex and boxing were believed to be incompatible. "When I was married to Joany, my first wife, we had a caravan, we'd go there for the weekend. I called it Blue Heaven. Everything was idyllic, except we'd go to bed and it'd be over in two or three minutes. I didn't have any skills, I hadn't read any books - you couldn't get them." Sonia hovers by the table, apparently unmoved at the turn our conversation had taken. "I'll have a cappuccino," he says. He goes on to tell me about an unfortunate experience he had with an Ann Summers sex aid called a Romeo. Far from concluding that his goods are faulty, he insists they are worth every penny if they succeed in getting couples to talk about their failures. Suddenly he breaks off and says: "If you worked for a woman's magazine, we could have a good discussion." But, this being the Financial Times, we start to talk instead about his developed - over-developed - skills as a negotiator. "There was a sad situation where a little pottery company was making mugs with a penis in them that stuck up when your cup was half empty," he says. I glance down at my cup which looks reassuringly normal. "It was a very successful novelty line, but I negotiated so hard that eventually the company went out of business." As we continue talking about money it becomes clear that Gold is more concerned about making and saving money than spending it. "I don't like being extravagant. I couldn't buy a designer label. I buy Marks and Spencer's." He opens his navy blazer and shows me the label inside. "My home is modestly decorated. I wouldn't want to knock David Sullivan's home, but I wouldn't have gold taps. I mean, not solid gold. I wouldn't even think of it." Suddenly he starts to talk about his brother, about how he has become the main force behind the business and how wonderful he was when Ralph Gold's beloved second wife was dying of cancer. To my alarm I see he has started to cry. "Anyway," he says, clearing his throat. "Let's have some water. Sorry about that. It was such a sad time. I get so emotional." Tears dried and drinks drunk, we get the bill which Gold insists on paying. As he drives me back to Whyteleafe station he asks if I would like to come to a black-tie party he is giving near Tonbridge to celebrate the book. "I am going to make it as up-market as I can. You'll meet all my friends. You must come. You can bring your husband." "Good as Gold," Robson Books, £16.95.

Truth of the Matter

Give with grace, receive with dignity

Lead a moral and caring life with the help of swadhyaya. Pandurang Shastri Athavale explains

Many people want to know how I came upon the idea of *swadhyaya*, today practised by 20m Indian farmers and fishermen in 100,000 villages. *Swadhyaya* is based on the recognition that God is the source of all life and dwells in every human being. It is a life-transforming world view which encourages self-esteem, the dignity of all, and the discharge of gratitude to God through work-oriented devotion. I was deeply disturbed by the human degradation I saw around me, by narrow self-interest which generated inequalities, injustice and hatred. Like many others, I could see the causes but found no satisfactory answers in the various "isms", models and institutional arrangements that claimed to have answers. The cures only aggravated the disease. The two dominant ideas, liberal-capitalist-welfarism and socialism seemed only to reinforce the exploitative structures that widen the gap between the "haves" and the "have-nots" within and between nations. Human dignity suffers whether the intervention comes from private charities or government subsidies. While the capitalist model brings concentration of wealth, worsening class conflict and gross commercialisation of human relations, the socialist model suffocates individual creativity and initiative. Neither ensures the popular participation needed to overcome

misguided development. For me the turning point came when I saw how the God-centred world view was being devalued by the man-centred one. Quite early in my work, I concluded that much contemporary misery was due to the absence of a spiritual dimension to our lives. What was needed was to instil the idea of God as a constant companion. Only that understanding could give us the sense of being one with the divine and worthy of self-respect. I exist because God exists; I am related to everything in the universe because our creator is the same. The idea of one divine family,

of being children of the same God, will remain hollow if it is not put into practice. What comes in its way is the gulf between the "haves" and the "have-nots" and the multiple disabilities from which the "have-nots" suffer. I always felt that although the rich and the poor share an equally charitable disposition, the poor feel helpless and lacking in confidence. Our work-oriented worship has to be based on reason, advance our spiritual growth, express gratitude to God, and become a powerful social force.

To this end we devote a day or two of our time and skill in collective projects as an offering to God. These projects range from farming and fishing to water conservation and sanitation. The needy benefit without having to feel small, as it is their devotional offering blessed by the Lord. We call it "impersonal wealth". It is vastly different from enterprises such as co-operatives, communes and the self-help initiatives of voluntary groups because its motivational force is so different. Impersonal wealth belongs to God and its recipient takes it as

divine benediction. He or she pays no interest and signs no deeds. Today, the production and distribution of "impersonal wealth" runs into millions of rupees and is totally self-generated. It is free from the feelings of superiority or inferiority which occur with charity and from the dependency syndrome of state welfare schemes. The divine and graceful nature of such giving and receiving under *swadhyaya* auspices is totally different from the dry exchanges of the marketplace, which lack grace, warmth and emotional bonds. *Swadhyaya* helps men and

women to lead a moral life, a caring life. It allows them to relate to other fellow beings on terms of equality and harmony. It gives them the confidence to create self-directed, self-reliant communities. I could go on, but what I want to stress is that although *swadhyaya* might seem peculiar to India, its essence is global and universal. Its essence cannot be limited by divisions of culture, language, race or religion. I have tried to show how it can be done in a plural and multicultural society. *Swadhyaya* is a vision of human possibility, but the motivation has to come from within people who have the urge to change and to join with others, wherever they may be.

On Tuesday, Pandurang Shastri Athavale, who was born in Bombay in 1920, will receive the £750,000 Templeton Prize for Progress in Religion.

PERSPECTIVES

Out of lobster, steaks and time

Restaurateurs seem to have been first to evacuate Zaire's capital, finds Michela Wrong

It seemed like a good idea at the time. "Why don't you write a restaurant guide to Kinshasa?" my editor had suggested. "It would be a nice change after all the gloom and doom coming from Zaire."

So, with the rebels advancing on the capital, I determined to put the delights of Kin-la-Belle to the test. A few gourmet meals at the Financial Times' expense would compensate for the not entirely enjoyable experience of sitting in a jittery capital, waiting for President Mobutu to choose whether to emulate the Shah of Iran or Adolf Hitler in his style of political exit.

Thanks to the spilt Zairean elite's disinclination to miss out on the finest Europe has to offer, Kinshasa is undoubtedly one of the best eating spots in Africa. But fashions come and go, of course, and these days security is a factor in choosing your dining spot.

Perched on a hill overlooking the Zaire river, Le Refuge used to be a favourite with the "mouvanciers" - the presidential supporters whose villas are clustered in the Binza district. But now that everyone is ready for

an emergency boat trip across the river to Congo, the hotels and restaurants in the city centre are definitely back in vogue.

At the top end of the scale is the Caf Conc - which specialises in fresh lobster - closely followed by L'Orangerie, La Ciboulette and the Golf Club, all offering impeccable French cuisine and wines at obscenely high prices.

At a more affordable level, the Hotel Memling twice a week serves up a choice of moules marinières, served Belgian style with chips and mayonnaise, or fresh oysters. Down in by Sabena and kept alive in bubbling water tanks in the lobby.

If you don't mind being accosted by the Amazonian whores of Kinshasa, the Savannah has the most tender steaks in town and Domino's, on the main drag, specialises in "cossa-cossa" - prawns from the port of Matadi - served in a robust garlic sauce.

I opted for the Jardin des Saveurs, opened a few years ago by a Belgian who fled Rwanda's genocide. My guest was a businessman who had recently been given strict orders by headquarters to go nowhere near two

armed bodyguards from Europe.

The restaurant was just round the corner from the hotel, so the bodyguards were told to waive their usual reconnaissance trip. But as we drove down the dark, winding lane in the businessman's rather impressive armoured car, it became clear something was wrong. There were no lights visible and so we kept driving. Finally, we entered a compound dominated by an

Asked if this was the restaurant, the soldier's face went blank

elegant white villa.

An armed soldier approached - nothing strange about that as most Zairean restaurants hire soldiers as guards. What was worrying, however, was that he was telling us aggressively to reverse, switch off the engine and get out of the car. A barrier we hadn't noticed on arrival had sud-

denly closed behind us.

Asked politely whether this was the restaurant, his face went blank. He clearly had no idea what we were talking about. He wanted us out of the car, and, by the tone of his voice, preferably spreadeagled on the ground with our hands behind our necks. But the bodyguards were telling us to keep the bullet-proof doors locked and stay inside.

As negotiations opened and the tension ratcheted its way up the scale, the truth emerged. The Jardin des Saveurs had closed a few weeks ago. Fleeing yet another African war, the owner had relocated in Brazzaville, where he was no doubt making a killing off the American, Belgian and French troops stationed there in preparation for an evacuation.

We had overshot the deserted building and driven straight into the supposedly well-defended courtyard of one of President Mobutu's many houses. The barrier was open because the guards were expecting "the children" - members of the president's extended family - back at any moment.

Our story was just too bizarre to be true, you could

almost hear the soldier thinking. He had committed a *faux pas* by allowing us in. He was not about to make another mistake by allowing us out.

The bodyguards were getting itchy. They were regretting not having carried out a preliminary check. Reinforcements could join this solo soldier at any moment and then the situation would be out of control. "OK, now that's enough talking, shut the door," said one. He had decided to blast through the barricade.

It was then that our businessman showed that decades of international wheeling and dealing had not been in vain. Leaning out of the car and fixing the soldier with an expression of child-like sincerity, he apologised abjectly for our gross, insensitive behaviour, begging him to show extraordinary magnanimity and allow us to leave.

It was one of the most impressive bouts of groveling I had ever seen. And it worked. With his sense of self-worth boosted by having humiliated five white foreigners, the soldier ordered the barrier lifted. As we drove through, light-headed with relief, we passed a



Kinshasa: mouthwatering bargains - but a night out is no fun

four-wheel drive vehicle full of sleek Zaireans - Mobutu's children perhaps - on its way in. So much for a fun night out in Kinshasa.

Our little contretemps was a sign of the times. Since our sortie, the atmosphere has deteriorated. Defeated troops are streaming into the city, cars are being hijacked in the centre and it is no longer

safe to venture outdoors after sunset.

In the Hotel Intercontinental's parade, the designer shops are holding "everything must go" sales, trying to clear stocks before the looting that traditionally precedes the rebels' arrival. The bargains are mouthwatering. But having been told by their embassies to pre-

pare just one bag for evacuation, expatriates cannot permit themselves a shopping spree.

Kinshasa's restaurants and lively nightclubs are empty. In any case, I am saving my cash for the evacuation. But if I end up in Brazzaville, the Jardin des Saveurs will certainly be my first port of call.

Rebirth for the giants of the sky

Sixty years after the Hindenburg disaster, fascination with airship travel lives on. Sebastian O'Meara reports on plans for new zeppelins

When I felt the first shock. Then we started falling, and just before we hit the ground I was hurled out sideways. I must have passed out for a few seconds, because the next thing I remember is running away from the burning ship as fast as I could. It was all over in about 30 seconds.

On May 6 1937, Eugen Bentele, a young mechanic on the Hindenburg was one of the lucky ones. Thirteen crewmen died, as well as 22 passengers. Pictures of the disaster were flashed around the world and the era of airship travel was over.

But the experience was not enough to put Bentele off airships. "Travel by zeppelin was adventure. We were over the Atlantic once, a few hundred metres up, when the order came through to slow the engines. I could see something happening in the water up ahead, and as the captain brought the ship down I could see the water was all churned up and full of blood. And there was a whale, getting attacked by lots of fish about a quarter the size. It was only after that I found out they were killer whales."

Bentele lives on a quiet side street in Friedrichshafen, on the shores of Lake Constance in southern Germany. On a clear day you can see the mountains behind the lake, and tourists flock here in the summer. But it is also the birthplace of the zeppelin. Inside the new Zeppelin museum, visitors watch films of cheering

crowds welcoming the Graf Zeppelin on its epic round-the-world flight of 1929 and clamber around a full-scale mock-up of part of the Hindenburg. "It cost us almost as much to build as the whole ship did in the 1930s but it was worth it," says Wolfgang Meighorner, the museum's director. Since it opened last summer, 300,000 people have visited the museum.

The pipe-smoking Dr Meighorner is a zeppelin intellectual, a man who wrote his thesis about the zeppelin, beavering away in the extensive archives he now directs. "I think it has a lot to do with size," he tells

'In a time of frantic technical progress, we're rediscovering how to take things slowly'

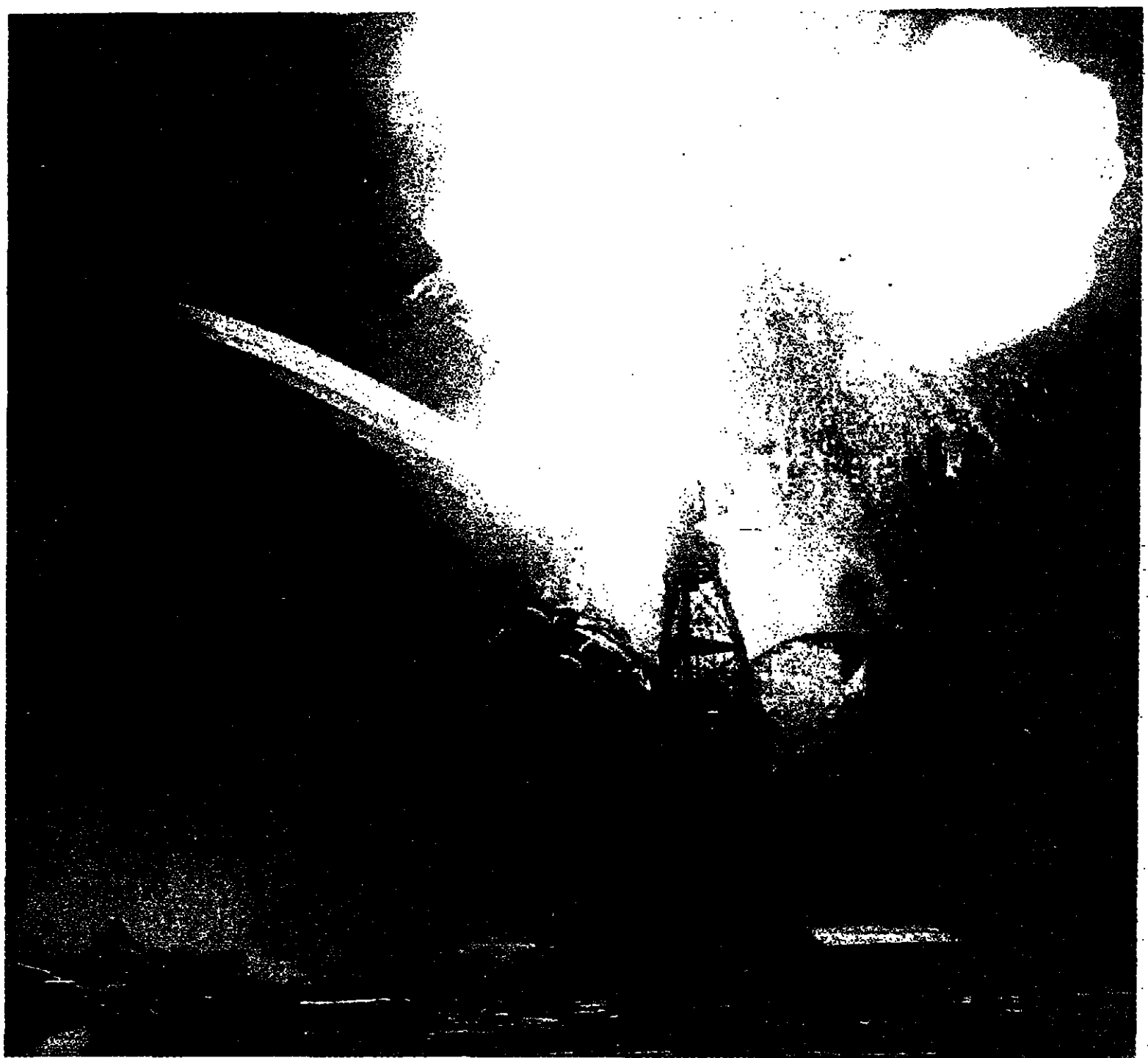
me, when I ask him about the zeppelin's enduring hold on the public imagination. "It must have been quite a sight, this massive machine drifting along, blocking out the sun as it moved across the sky. And it was an obvious national icon for a resurgent Germany."

That is certainly what the Nazis thought, and generations of Hollywood movie-makers have used the zeppelin's enormity and latent sense of menace as a symbol of Nazi aggression. The fiery

end of the swastika-daubed Hindenburg gave zeppelins an enduring image problem, but Meighorner is convinced that fascination with the giants of the sky again has the upper hand. "I think that in a time of frantic technical progress, we're rediscovering the value of taking things slowly. That's why I think that airship travel matches the spirit of the age."

Words like that are music to the ears of Wolfgang von Zeppelin. A few miles from the museum, he is supervising the birth of a new zeppelin - filled with inert helium, not the highly inflammable hydrogen that killed the Hindenburg. By family standards it is a little slip of a thing, less than a third the length of the Hindenburg and closer to the dimensions of a puny Boeing 747 - and it can only seat 12. "It's just a start," says von Zeppelin. "Our aim is to build bigger ships that will give passengers more space to move around and will be more economical to run. But before making that kind of investment, we have to show that the market exists."

And he is fervently convinced it does. "I would never spend my best years on a nostalgic project - nor would anyone invest DM40m just for fun." The new zeppelin was being prepared for its first flight at the end of April. In the hope that Friedrichshafen's summer visitors will line up for day trips over the foothills of the Alps. If the market is there, von Zeppelin will not have it to himself. Richard Branson's interest in balloons may be better publicised but Virgin also owns half of The Lightship Group, the world's lead-



From adventure to nightmare in 1937 for the German zeppelin Hindenburg. Today's airships are filled with inert helium rather than highly inflammable hydrogen

ing operator of advertising blimps. It is currently evaluating a 10-seater blimp for tourist use. Managing director Mike Kendrick reckons the numbers add up.

Balloon operators make good money, but we've costed it out, and we know we can operate our airship at half the prices they charge. We can fly all day, and if we see something interesting we can fly straight towards it at 40 knots, rather than hoping

that the wind will blow us there." For Kendrick too, 10 seats are only a start. "We have the technology now to build an airship that will carry up to 50 people in great comfort, with cabins and an outside observation platform. And we can fly them as far as we want." In Kendrick's plans, that means from London to Sydney in time for the 2000 Olympics, then back again in the first round-the-world trip by airship for 70 years.

For true nostalgics, that is where the real fun starts, and with the millennium approaching, there are plenty of grandiose projects. In the Netherlands, Scotsman Ian Alexander is planning to give the Dutch an aerial equivalent of the royal yacht Britannia. In Germany, they are designing giant cargo airships that can carry 100 tonne turbines from Wiesbaden to Vienna. And now South Africa has joined the fray with

plans for a 130-metre airship to be named the Nelson.

Prices for these projects are from \$20m upwards and with financing yet to be nailed down, their airships may have trouble lifting off from the pages of the Internet, a mine of information for enthusiasts. "There are more helium-heads than businessmen in this industry," says Kendrick. "And you can't afford to fall in love with the idea of airships - I can show you plenty of

people who have lost huge sums of money doing that."

Back in Friedrichshafen, Bentele is still in love. "People have envied me all my life for the experiences I had on the zeppelins. And that's why I know there will always be people happy to shell out a few hundred marks for the trip of a lifetime. And if it costs more than that, it won't be a problem - you'd never believe how many rich people there are in this world."

From European union - to empire

The Athens-dominated Delian League offers piquant parallels to today's EU, says Christian Tyler

Once there was a European union. It was a voluntary union, put together by a number of leading states for their own protection after a desperate and bloody war.

To begin with, all went well. The two foremost powers buried their differences. Each member state took an oath of loyalty and enjoyed the same voting rights. The central bank was situated in neutral territory.

But soon the union proved not quite such a voluntary affair. So much so that one member, a large island state, went into revolt, complaining that her economic interests were being interfered with. After three years she was forced to surrender and made to pay stiff penalties.

Things got worse. One of the founding states, the strongest of the confederation, started deciding the budget, imposing a single currency and insisting on certain political and social norms. Finally, she moved the central bank to her own capital

"for safety". What started as an alliance had become an empire. These events, the Eurosceptic's nightmare, occurred 2,500 years ago. The European union in question was called the Delian League. Comprising most of the cities of what we would now call the Aegean Rim, it was set up in 478BC after the Greeks had repulsed the Persians.

Its leading lights were Sparta and Athens, but it was Athens which, because of its control of the sea through a fast fleet of triremes, was able to grab the political initiative and reduce the alliance to subjection. The rebel island state with the sovereignty grievance was Thasos, which lies just off the coast of modern Thrace.

One obvious difference between the Delian League and today's European Union consists

in the reason for its creation. The league was a buttress against an external enemy. The EU was an attempt to put an end, once and for all, to internal conflict: specifically, Franco-German wars. (Some leading German social democrats still see it as a way of saving an expansionist Germany from itself.)

So the league was more like Nato: it was Ato, the "Aegean Treaty Organisation", as one academic wag put it. Yet there are piquant parallels.

Once the Persian threat was removed, the Athenian Pericles invited all the Greeks to a congress in his city to discuss a common architectural policy (CAP) - how to rebuild the temples destroyed in the war. Sparta, its nose out of joint, organised a mass abstention, so allowing Athens to go ahead and

establish a hegemony.

So about this time, 450BC, Athens decreed that all local mints must be closed. The only silver coinage allowed to circulate was the Attic.

The decree read: "Everyone is authorised to hand in the foreign currency in his possession and exchange it on the same terms whenever he wishes and the city will give him Attic currency in exchange. Each shall bring his own currency to Athens and deposit it at the mint." States were permitted to go on using the amber-coloured electrum coinage, an alloy of gold and silver.

"It was a political move, not just an economic one," said Paul Cartledge, Reader in Ancient History at Cambridge, this week.

It was designed to impress the allies how dependent they had become on Athens. The penalty for opposition was death.

Weights and measures were likewise harmonised. Athens also decreed that every member - there were about 200 at the peak - must be a democracy, and local laws changed accordingly. It did not impose its own model, however. Criminal offences carrying the death penalty had to be heard in Athens, and the cult of the goddess Athena was enforced on land confiscated for the purpose.

To begin with, the central bank was kept in the temple of Apollo on the sacred island of Delos. The lowest budgetary contribution was one trireme. Most member states, either out of poverty or laziness, fell into the trap of paying money instead and letting

the Athenians build the triremes themselves. One sixtieth of the cash was devoted to the goddess; some of the rest was used to repair the Athenian temples.

In 454BC, when the Persians seemed to be threatening again, the treasury was moved to Athens. Pericles declared he felt no obligation to account to the "allies" for the budget, provided the money was spent on keeping the barbarians (the Persians) at bay.

Referring to the member states, he said: "They give us not a single horse, not a ship, not a hoplite. They supply only money. That belongs not to the givers but to the receivers, as long as they give in return that for which they collect it. It is fair to use the money to beautify the city." Protests were firmly

suppressed. As early as 478BC Carystus in Euboea was forced to join the league. Naxos was bullied into submission two years later. Thasos was brought to heel in 463, as were Miletus and Erythrae in later uprisings.

Conflict with Sparta, the rival regional superpower, was inevitable, wrote the historian J.C. Stobart in *The Glory That Was Greece*.

Sparta must have regretted not taking a more active part in the league's foreign policy when, 17 years after its formation, Athens used the budget to finance campaigns against Spartan allies on the mainland. The Peloponnesian war between the rivals, described by Thucydides, finally broke out in 431.

Athens was defeated in 405 and the Delian League was formally wound up a year later. Eventually, of course, an empire more formidable than either Persia - came to dominate Europe, and the known world. Its name was Macedonia.

BOOKS

All language with no heart

Thomas Pynchon's long-awaited novel lacks a vital ingredient, argues Justin Cartwright

This is an extraordinary book. It is nearly 800 pages long, it is written in, largely, 18th-century language, complete with capitalised nouns and other devices. All this to tell the story of Mason and Dixon, the surveyors sent out by the Royal Society to settle a line between Pennsylvania and Maryland in 1762, a line which would mark the northernmost boundary of slavery in America for another 100 years.

Their mission was ultimately pointless, overtaken by the Revolution. Pynchon has told their story with an almost crazy determination to recreate, through detail, the life and the language of his protagonists. To read this book is to be dunked, steeped, almost drowned in the professional lives of Dixon, the surveyor from the West and Mason, the astronomer from Gloucestershire. Not only are we given their professional preoccupations in almost nightmarish detail, but these are relayed through the medium of the Reverend Wicks Cherrycoke, many years later, in Philadelphia. Cherrycoke was attached to their mission and he recounts his adventures to his niece, Tenobrac and nephews Piny and Pitt, as well as other family and friends. In his name - Cherrycoke - we get an early hint that Pynchon has some ludo and postmodern tricks up his sleeve.

In order to achieve total immersion in the 18th century, or at least his version of it, Pynchon has studied the dealings of the Royal Society in the minutest detail, and he has clearly read every contemporary handbill, scientific paper, playbill, instrument maker's catalogue, dictionary of his-

torical slang, libretto, collection of doggerel and religious tract he could lay his hands on. He has also studied the then flourishing science of surveying, with its chains and rods and so on; the rural industries of Gloucestershire; coffee houses; English dialects; the Dutch East India Company's settlement of the Cape - and its

MASON AND DIXON
by Thomas Pynchon
Cape £15.99, 773 pages

language; the British rule of St Helena; native American history and much, much more.

Because this is the Age of Reason, as Pynchon nudgingly reminds us, he also has included any number of countervailing peculiarities and sectarian beliefs. There is a talking dog, a pair of clocks which converse; Mesmerism; a duck which stalks a French chef called Armand; and George Washington's black Jewish butler who does stand-up comedy and supplies the visitors with Indian hemp while Martha Washington brings on the munchies. Pynchon has not lost his belief in the subversive symbolism of marijuana.

So this is a quite extraordinary book. But there are two major questions which must be answered if it is to be considered a great book. Firstly, are the characters, Mason and Dixon, drawn with any distinction? In all their travails, in all their forced collaboration, in all their paranoia, in all their disappointments and minor triumphs, they hardly have a conversation which is credible or moving; instead we have a kind of unnatural vivacity. Their personal lives are sketched rather dutifully; Mason longs for his

dead wife Rebekah, Dixon is a bit of a professional George. In the course of the monumental tasks they are given, they come to see that what they are doing is ordained by political struggles within the scientific establishment, but so what? They develop a dependence and even affection but, unfortunately, we don't care.

The second question is this: is the intellectual foundation on which this great heaving, creaking, intricate structure is built, sound? The book is clearly intended as a Joycean exploration of language as well as a critique of the Age of Reason. On the question of the language, I think that Pynchon fatally undermines his own marvellous achievements, by the postmodern elements. There are numerous unfunny, dated jokes about dope; there are sitcom elements; there are deliberate anachronisms; there are knowing references to the



Eighteenth century surveyors Mason and Dixon: Pynchon tells their story with an almost crazy determination

future. Instead of introducing the intended lightness of touch, there is something of 1960s shallowness in this. Unlike Joyce's, Pynchon's jokes do not spring from the very nature of language.

As for the Enlightenment, Pynchon seems to imply without really exploring the idea, that its most serious result was that it created a world of blind progress when the more serious charge is

that it created a dangerous historicism. After they have finished work Mason and Dixon "understand... that the Line is a conduit for Evil." Despite Pynchon's omnivorous research, he has

hardly touched on the philosophers of the age. However, it is impossible not to marvel at the extraordinary detail, the wonderful descriptions of early American life, the enthralling

depiction of scientific work, the virtuoso recreation of language, the sheer unstoppable brio. In the end, what is missing in this account of the human spirit is fully realised human beings.

Free spirit in Tory politics

John Peyton was born with a silverish spoon in his mouth, but had a hard time of it. At prep school he was no good at games and could not sing in time. Eton was better, but he still couldn't play games or sing. Yet he picked up friends. On his first day a boy said to him: "I am Palmer. You must be Peyton. Come with me and have a biscuit - my family make them."

Trinity College, Oxford was better still, but the second world war interrupted after Peyton had been there only two years. He joined the forces, then misfortune struck again. He was taken prisoner almost at once and, although he tried to escape, he was held by the Germans for five years. The consolation was that in the later period he was allowed to read for his law finals.

WITHOUT BENEFIT OF LAUNDRY
by John Peyton
Cape £15.99, 773 pages

Peyton had other disappointments. He abandoned the law for politics, was elected as MP for Yeovil in 1951, and looked ready-made for a long and distinguished career on the Conservative front bench, whether in government or opposition.

Prime minister Harold Macmillan made him parliamentary secretary at the ministry of power in 1962, and seemed to regard him as a friend. Subsequent Tory leaders, however, took a less benign view. In 1966, when the Tories were in opposition, Edward Heath sent a message saying that Peyton would be no longer required in the party's front row.

In 1970 Heath became prime minister, changed his mind about Peyton and made him minister of transport. According to these memoirs, Michael Heseltine - as Peyton's deputy - thought that there must have been an administrative muddle and the appointments had been made the wrong way round.

Peyton survived at transport, though in the Heath days departments were being continually reorganised and at one stage Peyton,

had come to appreciate music and became a friend of the composer Sir William Walton. He arranged a 70th birthday party for him, invited Heath, who asked that the party be moved to No 10 Downing Street. Nothing wrong with that, except that the next Tory Party leader, Margaret Thatcher, assumed that Peyton was too close to Heath. He was the only shadow minister that she did not include in her administration when the Tories returned to office in 1979.

In fact, Peyton was not particularly close to - and certainly not beholden to - any politician. He was an independent, eclectically picking up whatever seemed of interest to him, and it is in this spirit that his memoirs are written. Peyton is too modest to say so, but Nigel Lawson wrote in his own memoirs that Thatcher's decision to exclude Peyton from the cabinet was a serious misjudgment. When he stood down from the Commons in 1983 the Yeovil seat passed to a then little-known Liberal, Paddy Ashdown. And when Peyton moved to the Lords his sponsors were an odd couple: Lord Home and the scientist, Lord Zuckerman. Peyton was for seven years the treasurer of the London Zoo.

There is a wonderful line where he says that British government can be reduced to three characters: Jones, Buggins and the Duke of York. "The first is the man of the moment, the one in fashion, with whom you must keep up; the second is the one who, for no better reason than it seems fair, must be given a turn; the third, and perhaps the most influential, is the one who marches us first up the hill, then down again - an expert in U-turns."

The title, *Without Benefit of Laundry*, is taken from Arthur Quiller-Couch's preface to the second edition of *The Oxford Book of English Verse*. The striking picture of Lord Peyton in a black beret on the cover was taken by Lord Howe, the former foreign secretary. There aren't many Tories like those any more.

Malcolm



Models courtesy of The LBCO Group

SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left. You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand.

We know you can't give them back the things that others have taken away.

We're not even asking for money (though every cent certainly helps).

But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything.

UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

UNHCR Public Information
P.O. Box 2500
1211 Geneva 2, Switzerland



UNHCR

United Nations High Commissioner for Refugees

BOOKS

Portrait of the artist and goodbye to all that

Craig Raine on the Baroque excesses of Edmund White's confessional "auto fiction"

Edmund White can't write. In the normal way, this chiming, rhythmically awkward, ugly little sentence might be enough. Edmund White's prose, though, is a special case. It is bad by choice. It is considered. *The Farewell Symphony* is not a novel, but what White calls "auto-fiction", dealing with two decades of gay hedonism and the subsequent scourge of AIDS. We know from White's Oxford Amnesty lecture of 1988 that, for him, auto-fiction is "a convergence of two very different literary traditions, realism and the confession."

In practice, though, *The Farewell Symphony* reads as thinly disguised autobiography: like White, the narrator is HIV positive, lives in Paris, owns a basset hound and so on. It is a work of considerable self-consciousness, not least with regard to its own prose style: White knows he is given to "over-elaborated, artifice conceits"; Christopher Isherwood, he remembers, advised him to write "more simply and directly"; critics, he complains, praise prose which plays safe, prose there is nothing "against". He admits to the deliberate cultivation of a Baroque style. In an earlier work, *A Boy's Own Story* (1983), this produced phrases like "the torso flowering out of the humble calyx of his jeans." In *The Farewell Symphony*, it produces sentences like this: "we were dismissed with a shrug of a pretty bare shoulder rising out of a calyx of ivory silk." We can, then, identify a certain consistency in the prose.

T.S. Eliot divided good prose into two kinds - writers like Defoe who favoured an impersonal idiom based on the genius of the language, and those like Henry James who invent their own inimitable personal idiom. I want to divide bad prose into two kinds. The first kind of badness goes against the genius of the language in a flawlessly inept way. For example, this is the worst sentence ever committed to paper by a reputable writer in full possession of his faculties: "I thought - if it is possible to think retrospectively simultaneously with thinking actually - I might have thought that I would have preferred you as you had been before." This isn't so much a sentence as a pile-up on the page. The author's tactic - the structural "arrangement" of the words - is in collision with itself. Though the sentence seems hideously memorable, the syntactic trauma is so great that it is in fact impossible to memorise.

White is sometimes bad in this way, too. He is capable of beginning consecutive sentences with "whereas" (twice), of using a cliché like "a deafening silence" or "suddenly the intervening years melted away", or a gaudy-up cliché like being "left arctically cold" by something intended to impress. There are some dire tautologies: "tireless assiduity"; "like a somnambulist I sleepwalked". Is "an upholstered couch with sprung springs" an example of further redundancy, or merely a broken couch, where "sprung" means "un-sprung"? There are some startling repetitions: "our

THE FAREWELL SYMPHONY by Edmund White Chatto & Windus £16.99, 504 pages

burning in snow-bound New York "demented red beneath an old man's heavy white eyebrow". We are looking at a symbol. Transgress. Don't transgress.

The over-dressed prose here, its chosen purple, is White's speciality and rather different from the routine incompetence so far cited, and it brings me to the second kind of bad prose, not the lavish, but the slavish. Eliot again anticipates: "only a weak-minded or characterless writer would condescend to imitate, or even be influenced by, anything so little his own as the personal idiom of another writer." White has, I think, confused the extension of a prose tradition in gay writing with copying a characteristic manner. The writer I have in mind is also the writer that Edmund White has too much in mind - Proust. The second kind of bad writing is work in regress, the gimcrack copy of the unique manner, pure reproduction, the unreal thing.

Proust is a constant reference point in *The Farewell Symphony*, as well he might be for the anatomy of a world where sexual partners come so thick and fast that they are frequently forgotten. White attempts to bring a Proustian quality of recall to a world of often deliberate anonymity. One character is prepared to pay a small fortune to satisfy his obsession with one young man - "a hundred thousand dollars just to sleep beside his naked body" - until the narrator tells him that he has already had the object of his desire via a hustling agency, and has simply forgotten. White estimates that between 1962 and 1982 he must have "fooled around" with 3,120 men. Of this cast of thousands, many are memorable only for their genitalia or their sexual preferences. Inevitably, the crucial moment of any encounter in this world is liable to be the twin of another crucial moment elsewhere in the novel. "He exploded with



anxious alacrity and I swallowed it all down like a cat licking its bowl clean." The exploded in my hand after a single thrust. Only 10 pages separate these quotations.

In Hayden's *Farewell Symphony*, the players leave the platform one by one until only a violinist is left - a perfect metaphor for AIDS and White's own position. His novel is an attempt to reconstitute the orchestra - not only its principal players, the soloists with whom he fell in love, but also members of the chorus, bit players in the string section. Unsurprisingly, the novel succeeds best with White's family - his mother, his sister, his nephew and his nephew's girl friend, Ana, who, while they are to sexual beings, are less exclusively so than Edmund White and his anonymous, intimate circles. Not that the homosexual material doesn't have real anthropological value. White's candour is exemplary even if his experience is probably not representative. My gay friends tell me that White was on the dangerous edge of things.

Here you can learn what a "top" is, what a "bottom" is, and that the gay world has an imbalance between the two types. "Peaceful, reciprocal love-making" is known as "vanilla sex". You can discover what the initials CBT, TT and VA stand for, but not an increasingly common cluster in gay personal

here are cock and balls torture, tit torture, verbal abuse and great sense of humour. For this last time, White sees himself not as the historian "but rather an archaeologist of gossip." Proust might have said the same.

Edmund White is less well advised though, to emulate Proust's plush metaphorical idiom - an act less of emulation than hopeless, helpless infatuation. Five hundred pages of trying yields only a scintilla of success - a man's aureole "elliptical as Saturn" because he is stretching. Otherwise, the writing is insufferably periphrastic ("skin that looked as though he'd swallowed a light bulb" signifies a shining complexion, not a sickening tumour) or metaphorically over-extended until accuracy declines. Into descriptive pedantry: physical description is particularly prone to this over-elaboration, as in "his biceps looked like veined gooseberries [packed in snow]".

It is a pity Edmund White ignored Isherwood's advice. His plain style scores at least one notable success: "a thick-thighed Diana drew an arrow from a quiver on her shoulder. The tip of her cement bow had broken off and the exposed metal armature dripped rust stains down her gathered hunting skirt." This really works -

that from the outset of his career he fought to contain an ideological animosity towards the Jews. The genocidal impulse was never absent, but merely checked. Like Daniel Goldhagen, Friedlander argues that the species of anti-Semitism which Hitler shared with his closest followers was unique to Germany, where the legacy of Christianity mingled with a romanticised ethnic nationalism that was sharpened by eugenics. He traces this singular concoction to Wagner and his circle but his explanation wobbles when he links secularised messianism, redeeming the nation from perdition, the pseudo science justifying the

exclusion of diseased portions from the body politic. The mixture of metaphors tells its own story. Hitler and his acolytes wrapped their racial-biological politics in the rhetoric of redemption. For, as Friedlander shows, the mass of Germans never quite swallowed Nazi anti-Semitism. Instead, old prejudices converged with the radical, ultimately lethal anti-Semitism of the regime. While historians like Goldhagen erroneously conflate the two, Friedlander understands that common-or-garden hatreds sufficed to enable "ordinary Germans" and their accomplices across Europe to implement genocide. You didn't need to be a convinced Nazi to commit mass murder; and for this reason the depredations of National Socialism remain relevant, in Rwanda as much as the Rhur.

Friedlander is naturally ironic. He is most exorcising when exposing the folly of Nazi racial policy. The story of Karl Berthold punctuates the book as he strives

A Wagnerian view of Nazism

David Cesarani admires a lucid look at the unsettling dissonance between history and memory

In 1978 Saul Friedlander published a striking memoir of his youth and survival as a Jewish refugee in wartime France. *When Memory Comes* was more than a record of endurance: it was also a meditation on the delayed repercussions of the Holocaust even on those who directly experienced Nazi persecution.

Since the 1990s he has queried the archives of Hitlerism, but he has always been conscious of the "unsettling dissonance" between history and memory: the dispassionate analysis of documents and the subjectivity of participants in historical events. His new account of the Third Reich and its Jewish policies is a remarkable synthesis of the latest research enriched by reference to a breathtaking range of documents, diaries, letters and memoirs, that nevertheless remains anchored in the searing experience of individual men and women.

Early histories of the Final Solution, based on German records, tended to replicate Nazi perspectives. Survivor accounts of course presented things the other way around. Latterly research and controversy have burgeoned, leading inexorably to increased specialisation. Friedlander is the first to meld the "policies of the perpetrators, the attitudes of the surrounding society and the world of the victims". He also handles the debates which have bitterly divided historians, the Goldhagen affair being only the latest. If his narrative occasionally falls between textbook thoroughness and innovative analysis, it sets a benchmark for scope, lucidity and balance.

Friedlander places Hitler at the centre of Nazi policy-making, but situates him in a complex field of forces which necessitated pragmatism. Whereas many historians concluded from Hitler's prevarications that his approach only gradually radicalised, Friedlander believes

that from the outset of his career he fought to contain an ideological animosity towards the Jews. The genocidal impulse was never absent, but merely checked. Like Daniel Goldhagen, Friedlander argues that the species of anti-Semitism which Hitler shared with his closest followers was unique to Germany, where the legacy of Christianity mingled with a romanticised ethnic nationalism that was sharpened by eugenics. He traces this singular concoction to Wagner and his circle but his explanation wobbles when he links secularised messianism, redeeming the nation from perdition, the pseudo science justifying the

NAZI GERMANY AND THE JEWS - VOL 1: THE YEARS OF PERSECUTION 1933-39

by Saul Friedlander Weidenfeld & Nicolson £20, 425 pages

Most citizens disliked such outrages, even if they thought the Jews had it coming to them. But the universities and the churches, those bastions of German humanism, were amongst the first institutions to embrace Nazism and were silent. For them, like the Jews, until too late the acceptability of discrimination obscured the threat of worse. In the case of the hapless Jews, of whom he was one, Friedlander strains to abjure hindsight. But his judgment on the luminaries of German culture, who should have known better, is unsparing.

exaggerating the prominence of these extremist groups, says Ahmed. Some of the public statements made by extremists in this book would challenge many liberal laws. Bakri Mohammed, a member of Hizb-ut-Tahrir, for example, calls Akbar Ahmed a "Chocolate Moslem" or Islamic Uncle Tom. Mohammed makes no bones about denying the Holocaust of the Jews - "I have never seen the Holocaust and I don't believe in something I did not see" - and he believes in a worldwide struggle between Islam and western democracy.

Muhammad al-Mass'ari, the Saudi exile who narrowly escaped deportation from Britain, appears a comparative moderate by comparison. He is quoted as dissenting from the death fatwa against Salman Rushdie, although he believes the author of *Satanstoe Verses* is still due some punishment. "My view is that if you want to insult certain personalities, there may be some punishment, not necessarily up to death, to keep public discussion away from insult and degradation."

Al-Mass'ari is revealed as having a rather unlikely sense of humour. When LeBar tells him he is Jewish, the Saudi tells him a Jewish joke. Al-Mass'ari is also the man who called Jews "a nation of cowards", and declared that "their annihilation is not difficult for Moslems". Reconciling the various aspects of al-Mass'ari's personality reveals more than anything else in this book the paradox of Moslem relations with the west in general and the Jews in particular.

Nicholas Kochin

Impotent rage is the consistent theme of the book, and large numbers of leading Moslems in the west, from imams and theologians to shopkeepers and activists, express it. The objects of rage range from the Israeli occupation of Palestine, to Moslem sectarianism to local prejudice against Islamic customs. LeBar rails against the whole lot. "There is a rage, fuelled by hatred, against the west among many Moslems... It is the fury of the poor, living in countries that have for years seen their resources diverted to the west while their poverty increases."

The greatest impotence is felt by a small group of well-meaning liberal academics, led by the Cambridge professor Akbar Ahmed, who counsel against the extremist views of groups like Hizb-ut-Tahrir who exist and recruit freely in Britain. But Ahmed says the tide is flowing against him. "They have come from nowhere, and they go nowhere. The damage they are doing to Islam, which is a very rational balanced system, which encourages dialogue, is incalculable. People just assume that Moslems

are not naive enough, he believes, on personal revelations with the same measure of sophistication. LeBar, a Jew from North London, explains his own interest in the Arab world as a response

Impotent rage against western prejudice

Bosnia was a terrible war, and the west's policy a ghastly muddle. But whether that was about European disunity, American cack-handedness or a global conspiracy against Moslems is something we can argue about. Adam LeBar is in no doubt. He sees the west's policy on Bosnia as symptomatic of a widespread anti-Islamic prejudice - from the Balkans, where the west let Moslems go unarmoured to battle with the Serbs, to France, where the local people discriminate against their Algerian compatriots, to Germany which denies citizenship to its Turkish workers, and to America where all Moslems are tarred with the terrorist brush after every outrage.

No wonder, he concludes, that the Moslem world is bridling at the western prejudice they see all around them, and many are turning to fundamentalism to express their anger. LeBar, a war correspondent, first describes the trauma of Bosnia - ducking bullets, stress and distress - and then reaches his quick conclusion: that the west sided with the Serbs because they supported their war aims.

"They (the Serbs) must have laughed at night for years in Belgrade and Pale, capital of the self-proclaimed quasi-fascist Bosnian Serb Republic, as they danced rings around the hopeless emissaries from the self-serving international bureaucracies that are supposed to represent world security, and the barrage of futile acronyms in whose names they speak, the UN, Nato, EU, WEA, OSCE and NAA, with their useless maps and plans for new zones, republics, confederations, even minute details of flyovers and motorways."

As if the author's politics are not naive enough, he believes, on personal revelations with the same measure of sophistication. LeBar, a Jew from North London, explains his own interest in the Arab world as a response

and Israel shown at his Jewish school. But he manages to ruin this argument (as he does so many) by trying to make a very silly joke. "Looking back, it seems almost our whole education, and our developing identities as Jews were refracted through a prism of Israel and Zionism. Either way it seems to me that the logic of hating all Arabs was slightly faulty. True, the Arabs wanted to annihilate Israel, and all its Jewish inhabitants, or at least they said they did, repeatedly, their bloodthirsty logic a substitute for their inability to do so."

A HEART TURNED EAST by Adam LeBar Little, Brown £18.99, 322 pages

Impotent rage is the consistent theme of the book, and large numbers of leading Moslems in the west, from imams and theologians to shopkeepers and activists, express it. The objects of rage range from the Israeli occupation of Palestine, to Moslem sectarianism to local prejudice against Islamic customs. LeBar rails against the whole lot. "There is a rage, fuelled by hatred, against the west among many Moslems... It is the fury of the poor, living in countries that have for years seen their resources diverted to the west while their poverty increases."

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ARTS/BOOKS

Hockney gets back to basics

The unselfconscious artist in David Hockney is re-emerging, writes William Packer

There has never been any doubting David Hockney's talent, but only the precise nature of it and the uses to which he has put it. The problem is that his early, prodigious and still continuing commercial success has seemed, over the years, not so much to defy any actual questioning of the work, as to put it entirely beyond the reach of criticism. On the one hand we have received reputation and personal celebrity, on the other, the work as it is.

His drawing retrospective at the Royal Academy some 18 months ago confirmed what had long been generally accepted, that his has always been in essence a graphic as opposed to a painterly gift, though the two qualities are not necessarily mutually exclusive. His is a shrewd if quirky eye for salient detail and particular character, and an exact if idiosyncratic hand for line and image. He has always moved easily between close, direct observation and graphic stylisation, rendering both with equal facility and wit.

But if that drawing show celebrated his strength, it also revealed a tendency to fall back on formula and pictorial bluster when his interest was not fully and, which is more to the point, unself-consciously engaged. There was often, a sense, whether he was aware of it or not, that because he was who he was, anything would do. Like many good artists, he seems not-over-critical of his own work. If as much is true of the drawing, the question can only be: what of the painting?

Even so, a true artist continues to develop, and one felt with the later drawings that Hockney was already

moving some way to meet the criticism, away from his more facile habits towards something more real, intuitive and engaged. Now we have the chance to see whether in his painting of the past year or so there has been a similar shift. He has always tended to work *en serie*, and here are two successive bodies of work: the first a set of flower pieces painted last year, and then a set of portrait heads, of himself, family and friends, all done since Christmas. It is as well to take them as they were done, the one after the other.

The flowers are at once exasperating and intriguing, for again they demonstrate, time and again all on the same canvas, this familiar opposition in the work between the painterly and the graphic. To put it more seriously, it so often seems to be between the unselfconsciously absorbed and the perfunctory and bored. The set-up is more or less constant, the flowers in their pots within the clear and simple space of the table or table-top seen against a plain background. The colour is fauve-like, pitched high and bright, the texture rich – and no harm in that.

But only up to a point. Hockney seems fascinated by the pots, and by the flowers' leaves and stems, especially when seen through glass and diffracted by the water. Yet so often it seems that the flowers themselves have presented either too great a pictorial problem or too little interest, for they are treated repeatedly with a perfunctory despatch that borders on the crude.

And yet beneath them pot after pot, glass after glass, are modelled with exquisite



'Mum', March 1 1997, by David Hockney: a shrewd if quirky eye for detail and particular character

yet most economical refinement, no more than a wisp of paint and a flick of the brush, as confident as rapid, to describe the rounded form and the transparent, elusive contour. There is to it a vigour and commitment that speak clearly of the artist's own direct enjoyment and absorption in what he is doing. It is significant that this work marks his return to the use of oil paint rather than acrylic. Oil paint doesn't dry so quickly and seal itself off, which allows for a fatter, richer, more subtle working of the paint, and a more open, less prescribed

engagement on the artist's part. What we see in this last respect is the painter in Hockney re-emerging, reasserting himself yet without abandoning anything of his true graphic wit. The only trouble is that as yet, in the flower paintings at least, that reconciliation of the two aspects of his character as a painter is not sustained throughout any one particular canvas.

In the series of faces, for the most part these two aspects are reconciled – though some are taken further than others, and one or

two are less successful. It may be the scale, which is small, with the head more or less life-size to fill the canvas, perhaps the repeated format, perhaps the medium. But what is to be recognised in these paintings overall is a confidence, not only in the setting-up and pictorial organisation that bespeaks an innate graphic facility, but also a modelling of the form and a handling and resolution of the image that are entirely painterly.

Hockney at his best is Hockney as he was as a student in the life-room 40 years ago, losing himself in work-

ing directly and unselfconsciously from what he sees before him, yet with all the intuitive sophistication which is by now his to command. It looks at last as though he has realised as much, has come back to it, and is getting on with it. To do so is not to disavow or reject what has been done before, but only to move on, which is the artist's only imperative.

David Hockney – Flowers, Faces and Spaces: Annely Juda Fine Art, 23 Dering Street, New Bond Street W1, until July 19.

Radio/Martin Hoyle

Outposts of empire

Life has gone on despite the British general election. The World Service came up with an excellent *Omnibus* from Canada about a teenager who killed his two best friends while driving drunk. In a case amazingly free of rancour the parents of both victims begged the court for leniency for the sake of the boys' friendship; and the shattered driver has done community service in the shape of lecturing high schools on the evils of drunk driving. Crisp, unadorned documentary approach with the voices of those concerned. An unexpectedly gripping find in the small hours.

Not so a disappointing *Glass Menagerie* from the US. Tennessee Williams' crystalline fragments of almost unbearable memory were treated to a slow, respectful production; even the marvellous Julie Harris's gallant, infuriating deep southern mother seemed infected by the general portentousness.

But then culture has recently come in for the heavy approach. A *Constant Singing from the Flames* was Radio 3's tribute to Tony Harrison. The poet deserved better than Michael Knöw, a producer who can never see a portrait flatter by without inflating it into pretentiousness. He narrated, on as he put it with typical shrinking modesty, "at the very corner, nudging characters in and out of the action, you might catch me." Just as we might catch the Mona Lisa in Leonardo's nice study of a rocky landscape, Mike.

In Hayes, Middlesex, the factory workers are still keeping the demise of the black disc. They gloomily await the next technical advance in the recording industry. Unlike the population of St Pierre, a little bit of Metropolitan France off the North American coast. The 1971 shipwreck of a vessel carrying lawn-mowers prompted mass looting. "There are not many laws in St Pierre," said the local guide. "I don't know what they did with them."

As the excellent Oliver Walston discovered in the latest *Walston Goes Walkabout*, St Pierre, complete with French gendarmes, also has the only guillotine in North America. It would

have been nice though tactless to enquire whether the police and the Prefect himself, all sent out from *la patrie*, regarded their stint across the Atlantic as exile, akin to being sent to man the Great Wall of China.

Another outpost of empire, this time British, provided the climax for the week's most haunting item. Chris Harbon took his mother's ashes, self-consciously disguised in a grocer's pink carrier bag, to her native Gibraltar: trying to learn more of the mysterious woman who had borne him out of wedlock – a brave act in those days.

Molly's Ashes was lovely: Alan Bennett oddity without the whimsy. Sue and Hilary of the Tenants' Association noticed that Chris was preoccupied and made "a bit of a performance" about shopping, picking up his bag "with a bit of style". Asked if it was something nice, he replied, "It's my mother."

In Gibraltar he met a charming ladies' local history club and a Scottish medium called Gordon. His mother had been employed as nanny by the only civilian deputy governor ("he reached dizzy heights," said one lady in awe), good at swimming and the Charleston. Chris saw her ashes into the cathedral's garden of remembrance but didn't know what to do with the bag. "In the end I abandoned it on a bench near the vestry. It looked like I'd left the shopping."

The story of Chris's journey was intercut with recordings he had made of Molly in her last illness. "You were a bonny boy." "My head was too big." "They said you would be easily led." He found his father's beautiful, passionate love letters and tracked down the old man. Why had they never married? "We just drifted apart."

Funny and touching, about the impossibility of knowing somebody, the programme left one respecting the secretive, independent Molly who sang with the Ovaltines and danced the Charleston and reared a child in a far chillier climate than the Pillars of Hercules and their warm waters.

Literary history versus pleasures of the flesh

David Pryce-Jones on an engaging biography of Cyril Connolly, whose talent battled with a desire for instant gratification

In wild and wonderful flights of fantasy, Cyril Connolly imagined himself a grandee, a millionaire, collector of rare books and silver, a devotee lover, and above all the author of masterpieces. Then came the nightmare that he was none of this, but fat, unlovable and unloved, lazy, wasting his life. Publishing every last thought, he conducted a running commentary on his ego. Vulnerable but eloquent, with real poetry in him, he left on English literature a mark all his own.

Whatever there was to say, it might be thought, he had himself already said, and exhaustively too. Mention of his name is enough to evoke the stages of his classic self-discovery, from an Edwardian childhood and a prep school famously shared with George Orwell, to Eton and Oxford, the Grand Tour, and the years spent editing *Horizon*, that most successful of all highbrow magazines, and last but certainly not least, the many pleasures of the flesh.

In all his fantasies, Connolly himself would hardly have dared to hope for a biographer like Jeremy Lewis. He goes over familiar ground so skilfully that he makes it sound fresh. The

prose is easy to read, and the footnotes are quick-fire comedy. Long but never tiresome, researched in all the right archives, his book is a genuine tribute to Connolly, and a rewarding piece of literary history in its own right.

Connolly was a romantic, a perfectionist, and that is the essential clue, as Lewis sees it. Nothing was ever quite good enough, nor even as good as it seemed. Something else might be better. And whatever had given pleasure could never be let go. Nostalgia, regret and ambivalence mushroomed quickly. Connolly himself wrapped up the mind-set with typical brio: "I believe in god the Either, god the Or, and god the Holy Both."

Aborted attempts at fiction survive in Connolly's many notebooks. Like others in his generation, he believed that the novel was a form of writing superior to others. God the Holy Both placed a hard lock on all such efforts, and also made sure that it was pretty well impossible to stay faithful at any one time to any one woman, or even two or three. Connolly's idea of perfection was really instant and one-dimensional gratification of whim without the slog of endeavour and achievement. The complex character of Connolly is the natural centre of this book, but many excellent portraits of other people surround and support it. Evidently good-natured, Lewis has an eye for eccentricity and found it in Major Connolly,

Cyril's father, a soldier who never saw active service, an authority on snails and potted meats of all things, poor and not too proud, emitting horrid bodily noises when drunk. His son's vulnerability evidently began at home.

Those who knew Connolly's wives and mistresses often found in them some means to blame him. In the manner of a novelist, Lewis unpicks each of these relationships. Connolly's first wife, Jeanie,

CYRIL CONNOLLY: A LIFE
by Jeremy Lewis
Cape £25, 633 pages

was a generous and attractive American, and she influenced some of his best writing. Ultimately she went to pieces, through troubles of her own making. Next were Lys Lubbock and Barbara Skelton, a formidable femme fatale, and both of them generated much gossip in their day.

During the 1930s, Connolly established himself as a formidable and brooding presence in the literary world. An amazing range of contemporaries envied him, and his apparent freedom to do as he pleased, and get away with it. Geoffrey Grigson and the even more remorseless Julian Symonds, the Leavises and assorted academics, Marxists and penny-a-liners, tried to stamp him out altogether. Their tactic was to take at face value all the nasty things he said about himself. This purposefully confused literary comment with moral judgment. It was indeed a

low, dishonest decade.

Nominally a close friend, Peter Quennell really had never lived up to his promise and he saw himself, somewhat laughably, as a foil to Connolly. The damage he did, though, was mostly social. Far the most complex of persecutors was Evelyn Waugh. At one level he wanted Connolly's good opinion. At another level, he saw him as an alter ego, who had to be mocked and put at a distance, so keeping under wraps his own similar anxieties. The untangling of the Waugh-Connolly love-hate is one of the best things in the book. There were of course notable exceptions to the game of being bloody to Connolly, for instance Arthur Koestler, W.H. Auden and John Betjeman, Hemingway and Edmund Wilson.

Barbara Skelton has already given her account of her marriage to Connolly, and how she left him for the publisher George Weidenfeld. It is a gem of unkindness and foible. Lewis now gives what must be the authoritative version of this whole imbroglio. It marked more or less the end of sadness and farce. Marrying the much younger Deirdre Craig, Connolly at last had a family life, with children. The pram in the hall proved to be not at all what he had dreaded.

In spite of the self-inflicted disappointments and injuries, Connolly in old age felt reasonably fulfilled and even happy. Although it might not match what he had imagined, he had done what he could do. That was enough to give him a hold on posterity.



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ARTS

Two cheers for the department

Antony Thorncroft calls for a more radical approach at the national heritage ministry

In all this post-election excitement in Britain, who remembers the great new government initiative of last time, of April 1992? Yes, after the Major victory, the Department of National Heritage was formed, to bring together the arts, sport, heritage and broadcasting. Totally unnoticed, this grand gesture has just celebrated its fifth birthday.

It was one man's dream, created for David Mellor to give him a job equal to his weight. He was very much a hands-on minister. He saw little point in fighting for a big budget for the arts, etc, unless he had some say in how it was spent. Things would have been very different if he had kept his position. His successor, Stephen Dorrell, never took to the job and his successor, Virginia Bottomley, only latterly managed to relax and go native, although her achievement in

preventing savage cuts in the budget last November should earn her some praise.

It is the budget that is the problem with the department. It gets around £1bn a year from the Treasury but is forced to hand it over to its insatiable clients such as the Arts Council, English Heritage, the museums, etc. It has little say in how the money is spent. No wonder this toothless department is seen as a job for politicians on the make, out of favour, or in decline.

But what has really thrown askew the chance that this disparate department could play an active role in national life is the lottery, which, in the eyes of the public - and the Treasury - has greased the palms of artists,

sportmen and others with cascades of wealth.

The Arts Council gets under £200m a year in grant-in-aid but receives over £250m from the lottery. It is lottery money that drives the arts, heritage and sport in the UK and, despite the best protestations of politicians, will ensure that the heritage department's budget will be inexorably trimmed by the Treasury over the years. And, in an ominous development, lottery money for the arts is already starting to come under attack.

It was always feared that more popular causes, like health and education, would muscle towards the lottery trough. That is happening, with the plan to direct the proceeds of the

mid-week lottery to initiatives in these areas. With Saturday lottery revenues in decline, soon arts organisations and sports clubs will be forced to rein back their ambitions.

The big decisions over the next few months will not be made by the National Heritage Council, and they will be made with awareness of a tightening purse. Three mammoth lottery applications are up for consideration in June: the plan to modernise and cover with a dome London's South Bank; the conversion of the Baltic Mills in Gateshead into a modern art gallery, plus another arts

complex in the northern city; and a similar development by the docks in Bristol. Together they would consume much of the council's lottery money for a year.

The South Bank is the most sensitive because it is another London project, and was originally costed at a mammoth £120m. It will be offered nearer £90m on the understanding that some of the cash comes from heritage lottery resources. Gateshead and Bristol, being regenerating schemes in the regions, will certainly go ahead. After that, with the exception of a new home for English National Opera, all major arts projects are on hold.

It seems the minister will be

stepping into a limited job with financial restraints. The major institutions - the Arts Council, English Heritage - are under no threat of serious overhaul. Their chairmen, Lord Gowrie and Sir Jocelyn Stevens, are secure in their posts for another two years and more. One exciting area of potential change, the decision to invest many millions into the British film industry, has just been taken. More money will be thrown at sport, with few signs of success in raising the performance of the national teams. It is stasis all round.

But there are some changes a new, committed, minister could make which would revitalise the department. Lottery money

could ensure that museums be kept free from the need to impose admission charges; public libraries could be encouraged to embrace a new electronic era; the murky minefield that, in theory, lottery money must only go on capital projects could be defused for the benefit of poorly paid actors, musicians, artists, etc; the partly bandaged running sore on grants for students in the arts could be fully healed; and there is plenty of scope for new approaches to one of the most challenging issues facing any government: the media, and especially the broadcasting, revolution.

The Department of National Heritage was a good idea which has not yet established deep and permanent roots. It needs a confident minister to build on its best intentions, and to expand its influence into areas which can make a greater impact on contemporary society.

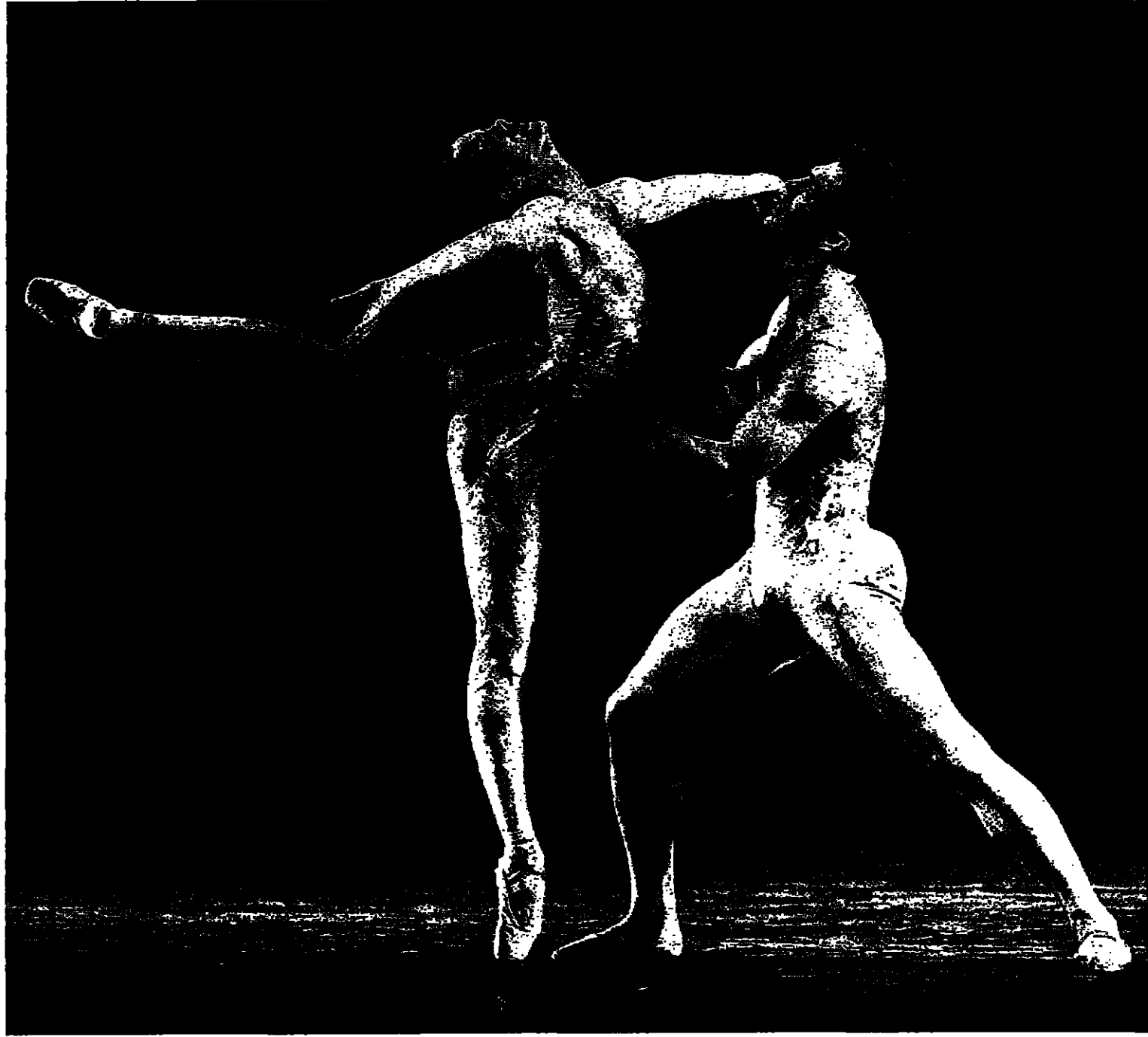
Ballet
And did the earth move for you too?

Ecstasy, on stage as at an all-night rave, is *A Bad Thing*. In *Amores*, a new piece by Glen Tetley given its first Royal Ballet performance on Wednesday, the three couples in its cast are very ecstatic indeed. The women fling themselves into their partners' arms, are carried interminably on high and register so much arched-body delight that the piece might be re-titled "And did the earth move for you, too?".

Against Nadine Baylis's handsome backcloth of a thick-impasto'd blotch of paint that is by turns earth and greenery, wearing lamentable sardine-shiny leotards in pastel shades, the dancers are involved in a choreographic text that is part déjà-vu (Tetley's style has ever been muscularly over-wrought) and part vain repetition.

A disquieting if incidental fact is that the same dance-forces are involved in Ashton's luminous (and genuinely ecstatic) *Symphonic Variations*. But for reasons too vexing to contemplate, the Royal Ballet's directorate would rather offer us this writhing sham than a masterpiece that speaks about the company's history and true identity.

An added problem is Tetley's choice of three scores by the American "post-minimalist" (a phrase I cull with no pleasure from the programme note) Michael Torke. *December* and *Green* sound as if they were made for a New Zealand film - and an open-air one at that - while the final *Japetus* has the grinding repetitiveness of *echi-minimalism* and hints



When too much ecstasy is *A Bad Thing*: Darcey Bussell and Stuart Cassidy in Glen Tetley's new work for the Royal Ballet, 'Amores'

that the refrigerator is on the blink again. The music offers nothing to dance, and Tetley's manner - movement spread over the score like a tramp on a bench - discerns nothing of value in it, which may be proof of musical sensibility on Tetley's part.

The cast race hither and yon, proposing spurious emotion and real physical effort. Only Michael Nunn emerges with any credit: his style is clean, his phrasing shapely. Darcey Bussell

seems to be a central figure, and she is lifted or sinks to the ground in what may be amorous delight but looks more like cramp. She is ill-served throughout.

The triple bill to which *Amores* is central, was supposed to begin with Balanchine's *Apollo*. The Balanchine Trust, wisely established to preserve the text and manner of his ballets - ah, would there were a Petipa Trust, too! - made certain requirements when the staging was proposed.

These the Royal Ballet could not fulfil, and *Apollo* was cancelled by the trust, and rightly so, I feel.

The substitution of *The Judas Tree* is bizarre. It is a very fine ballet - stunningly well danced by Irek Mukhamedov on Wednesday night - but is no opener for a programme, and no acceptable substitute for *Apollo*. (That the crucial hanging was preceded by the all-too-obvious arrival of a stagehand to help Mukhamedov in typical of this season's

errant standards.) Mukhamedov's performance, though, has grown even denser, darker in feeling and dancing, more penetrating to the ballet's core. It is one of the greatest things he has done in his career.

The closing *Symphony in C* is Balanchine and sunshine and youthful Bizet, and in good performance is as near bliss as we are entitled to expect in this vale of tears. On this occasion the fourth movement featured dancing as near the Nether

Pit as I ever hope to go. (If the Royal Ballet cannot provide a fitting soloist, then vestigial respect for Balanchine ought to have brought the cancellation of this item, too). It was Darcey Bussell in the adagio, relishing every step, dancing with a joyous ease, who reminded us what this marvellous work is about: the freshness of Bizet's 17-year old genius and Balanchine's perfect realisation of it.

Clement Crisp

Theatre/Martin Hoyle
Private Lives for the 1990s

It was when the illicit lovers - she a self-sufficient man-hater, he her best friend's fiancé - pummelling and kicking each other, finally rolled exhausted on the floor, that I realised the true identity of Alan Ayckbourn's new play, *Things We Do for Love*. The scribe of Scarborough has rewritten *Private Lives* for the 1990s suburbs (a bijou house in "London, SW") to be precise, fond of mouth, crossed of purpose and explicit of sex. On Tuesday the Stephen Joseph Theatre's proscenium auditorium, the McCarthy, resounded to cheery Yorkshire approbation of such rudeness as coitus interruptus, fetishism and transvestism.

Career woman Barbara is letting her upstairs flat to old school-friend Nikki and Nikki's fiancé, Hamish, while their new house is prepared. Roger Glossop's set gives us Barbara's sitting-room, all single woman's neatness complete with antique chairs not meant to be sat on, plus the first couple of feet or so of the upstairs flat - scope for eloquent legwork from invisible actors kicking off rather underwear in uncontrollable lust or humping up the bedclothes in orgasmic frolics.

The bottom left-hand corner of the stage also lights up the ceiling of the basement flat where Gilbert, a postman by profession, handyman by inclination and secret adorer of Barbara, is doing a Michelangelo by secretly painting her, vast and nude, over his living quarters.

The instant loathing between the brisly unemotional landlady and her temporary guest, Hamish, hints at the ever perverse Ayckbourn's intentions. They are wildly, passionately, uncontrollably attracted; and the nub of the play charts the delicate shaded area between love and lust; and - typical Ayckbourn - the hilarious destruction of innocent bystanders.

First among these is the

abandoned fiancée, Nikki. Ayckbourn again proves himself one of the few British playwrights to create good roles for women. Nikki, first seen in baby pink with an Alice band, is a monster of cloying girlishness. She approvingly quotes her betrothed's judgment of her as "a porcelain princess"; but also reveals a past of battered abuse - flying plates, being locked in cupboards - that prompts her innocently to wonder whether she is a born victim.

Sally Giles's nauseating brilliance is offset by Joanna Van Gyseghem's gruff Barbara, the head prefect whose nickname was "Spike", now buttoned-up and brusque; so repressed that she barks "why?" when complimented on her appearance. In a scene comparable to the wife's breakdown in *Just Between Ourselves* Barbara talks of her career, her office, her boss, his "devastatingly beautiful" wife, lovely children, huge house, while struggling against the hysteria of loneliness and frustration before making a break for the bedroom with a cursory if proper "excuse me".

Like Coward, Ayckbourn is a master of keeping the verbal plates spinning in the air while the plot is at standstill. The conclusion at first suggests a bleak loneliness for all concerned, then a happy ending for the improbable Beatrice and Benedick. But the final embrace of the ill-assorted lovers leaves us wondering, as the wily author doubtless intends, about the chances of happiness for Barbara, the tempestuous sexual novice, and Hamish, with his track record of broken relationships. Forget Sartre: Ayckbourn's comedies, so often prompting guilty laughter at others' pain, long ago proved that hell is other people, even as they blunder mistakenly on the road to heaven.

Television/Christopher Dunkley

Getting right to the heart of the matter

For British television the operating theatre has become what the wild west used to be for Hollywood: a setting within which drama can deal with almost any subject under the sun. While telling seemingly simple stories in which a man had to do what a man had to do, the western served as metaphor for matters as large as American isolationism (the ageing patrifamilias who wants to cut himself off with his family on the ranch and ignore the outside world; the evils of the cartel (conspiring catmen foiled by heroic lone outsider); or racial intolerance (vicious and murderous redskins in the early days, vicious and murderous pale-faces later). Many were simpler, dealing with familiar tales of justice, love, loyalty, brotherly competition, family feuds, or the usurping of the old by the young. Why everyone other than Clint Eastwood has now abandoned this invaluable hold-all, goodness knows.

BBC1's two-part drama *The Heart Surgeon* which starts tomorrow evening and ends on Bank Holiday Monday, involves adultery, the intrusion of the profit motive into medicine, ethics - should a surgeon perform a heart by-pass operation on his best friend? - profes-

sional competition and jealousy, press intrusion, and more. It may not be a drama to stand alongside the best from Dennis Potter or Alan Bleasdale; you do not get the impression that writer John Collee has anything to communicate about which he feels truly passionate. But it is unmistakably superior to most of the chunks extruded these days with such regularity, not to say monotony, by the plastic drama factories of BBC1 and ITV.

For a start, there is a pleasingly authentic unpredictability about the triangular relationship at the centre. When the elegant, handsome, rich, talented consultant Alex Marsden first drives out of London to go to a remote farm in a beautiful valley, you do not know what relationship exists between him and the couple who are already there, Larry and Marcelle. Is he a co-owner? Brother? Ex-husband visiting his former wife? It makes a change not to be told in one of those scenes where characters lecture one another on their relationships, but to learn instead from a scene where the two men play guitar

together that it is, as much as anything, a male friendship that lies at the centre of the matter.

Indeed, one of the strengths throughout this piece, directed by Audrey Cooke (whose previous work includes the wonderful *Cardiac Arrest* and soaps such as *East-Enders* and *Brookside*) is the subtlety with which facts are conveyed. Nigel Havers, one of those matinee idol actors who never gives a bad performance and here delivers an unusually good one, is never provided with any lines to show what he thinks of the new layers of administration in British hospitals, yet you rapidly realise that he is contemptuous. Similarly Michael Troughton, who gives a delightfully understated performance as the anaesthetist, communicates without the need of direct statements the fact that Alex's professional brilliance inspires his admiration yet also his distrust.

There is more of the "A.C.T. please! Cut! Clamp! Silence!" than would seem to be strictly necessary, but perhaps those in drama feel

that viewers now consume such huge amounts of the real thing in medical documentaries that long-winded close-up detail has become de rigueur. Some will enjoy all the tension of the operations which is created with such convincing detail, and the rest of us can always look away. It does not greatly matter. What does matter is the way in which a story set up so interestingly in the first half to consider a complicated mixture of sexual and medical ethics, almost abandons that threat in the second half and becomes a rather mundane whodunnit.

On the following night, Tuesday, the same channel offers a very different sort of drama. *Missing In Action* uses actors, archive sound, clips from television news programmes, and other material, to tell how American fighter pilot Scott O'Grady was shot down over Bosnia, hid in the woods for six days, and was rescued by the Marines. It is real Boys' Own stuff, but we all know the outcome, so it is impossible to tantalise us, and there is not enough interesting material to fill 50 minutes. Padding it out with repeated shots of O'Grady's father and sister anxiously following events back in the US merely slows things down. The programme would be greatly improved by a 20-minute cut, and could be transformed into something really enthralling if anyone had the courage to trim it back to 15 minutes.

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Concerts/Richard Fairman

The Sanderling sound

In recent years the Philharmonia has settled on Kurt Sanderling as its elder statesman among conductors. The 84-year-old east German was given two prestigious concerts at last summer's Edinburgh Festival, has just completed a three-concert series at the Royal Festival Hall and is booked to open the orchestra's 1997/8 season there in September.

Fame - if such it be - has come late for Sanderling. The top German maestros in the generation before, such as Karajan and Böhm, were fêted in a way that has not happened to their successors, who are perhaps more modest men. Sanderling has never enjoyed the marketing power that comes with a major record company contract, as for example Böhm did, even though I would not hesitate to rank him the more interesting conductor.

The last of these three Philharmonia concerts concluded with an epic performance of Shostakovich's Eighth Symphony, which had authority stamped over every bar.

There can only be a handful of people left who are as close to this wartime symphony as Sanderling can claim to be. At the very time that Shostakovich was writ-

ing it late in 1942, Sanderling was taking up his appointment as principal conductor of the composer's favoured orchestra, the Leningrad Philharmonia.

So his sombre performance of it must be authentic - a black-and-white documentary, rather than the highly-coloured orchestral showpiece that some conductors make of it. Sanderling does not have any interest in making difficult music seem easy. He took the long opening movement expansively; the scherzo's brilliant rhythms became the hammering of a blunt club, the atmosphere of the largo hung like a black cloud. In Sanderling's hands this was unmistakably a Soviet symphony - oppressive and hopeless.

His concerts with the Philharmonia have included a few performances which might have seemed wrong-headed with anybody else, but if Sanderling is conducting, there is no question they have to be taken seriously. Tchaikovsky's Fourth Symphony in the first of this series was one of those. Forget Tchaikovsky the romantic extrovert; this was a dour symphony, weighed down with deeply pessimistic thoughts - a

valid view for sure, but I would not wish to hear it played like this often.

There were two concertos. In the first programme the composer's son, Michael Sanderling, proved himself a pleasing cellist in Shostakovich's Second Cello Concerto; in the second, Antje Weithaas played Mendelssohn's Violin Concerto with a nice feeling for its lyrical nature, but utilitarian tone. The Philharmonia, in rugged and determined form, makes a good vehicle for Sanderling's kind of music-making. They are wise to use him, while he is still here.

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COLLECTING

Old masterwork heading west

High value is still placed on the best old paintings, especially by museums, finds Antony Thorncroft

The UK is set to lose one of its finest 17th century paintings. Poussin's "Tempe Calme" has been sold by the Dent-Brocklehurst family of Sudeley Castle to the Getty Museum in Malibu, California, for a reputed £12m (\$19.5m). This is the latest of a string of masterworks, including paintings by Rembrandt, Claude and Constable, dispersed from Sudeley.

A number of rich aristocratic owners are obviously cashing in their treasures now as a precaution against a possibly tougher tax regime under a Labour government. Many works - the Duke of Northumberland's Raphael; a Holbein of the Marquess of Cholmondeley; the Bacon family's Dürer, all multi-million pound paintings - have been safely gathered into the National Gallery, but an important Fra Bartolomeo, owned by Viscount Gage, and a Guercino from Castle Howard, have been lost to the Getty.

The Heritage Lottery Fund, which has the resources to keep such

works in the UK, is chary of spending too much of the lottery players' money on bailing out the rich. What the latest excitement underlines is the high value still placed on the best Old Masters, and the reluctance of their owners to entrust them to the vagaries of the saleroom. Whereas the market in Impressionist and Modern art, at the top level, is now dominated by Sotheby's and Christie's, their impact on Old Masters has not grown apace. Here the dealers, and the museums, retain their influence.

There are good reasons why this should be so. Old Master paintings come with

a health warning. There are much more likely to be problems over authenticity, provenance, and condition than with more recent art. Most of the finest examples are locked into museums, reducing the buying opportunities for wealthy collectors. There is also the challenge of subject matter. Until the 17th century most paintings had religious themes, an iconography beyond the knowledge of many potential buyers today. The guiding hand of a dealer can seem desirable.

The highlight of the top Old Master dealers' year is the Maastricht Fair. There is a tradition of collecting

among wealthy Germans, French, Dutch and Belgians which stretches back over three centuries and now the fair is grand enough to bring over the Americans. Apart from the recent interest of Sir Graham Kirkham, there are few British collectors of Old Masters.

It was a good Maastricht for the trade this year, and among the highlights for London dealers were "The Battle between Carnival and Lent" by Pieter Brueghel the Younger, which Johnny Van Haeften sold for around £1.5m, and a Canaletto capriccio, which Colnaghi sold for about \$1.1m. Works by the younger Brueghels

and Canaletto, along with Dutch cabinet pictures, neatly sum up most of what is on offer among Old Masters. The great masterpieces, works by Raphael, Botticelli, Leonardo, long ago entered public collections.

Fortunately art history is always discovering new "great" artists, at affordable prices, and taste has widened so much that previously unfashionable eras, like the 17th century Italian Baroque, are now much in favour. There is some collecting resistance to portraits (although a young lady painted by Leonardo's follower Boltraffio should approach £1m at Christie's

London in July), and affecting religious scenes, like the Crucifixion. But buyers of Old Masters go for the impact of the picture rather than the artist's name.

Anyone who missed out in Maastricht gets another chance to view hundreds of Old Masters in New York at the International Fine Art Fair, which opens at the Armory on Friday. Dealers can still sniff out major paintings, and Noortman is offering a pair of portraits by Frans Hals for \$7.5m.

Even for top dealers fairs have become the key selling opportunity: their galleries are an increasingly expensive shop window, especially

if the window is in London's Bond Street. Last year Colnaghi decided to move to the back of its space, letting the front to a clothes shop. Now London's other grand old name, Agnew, is doing the same. There is much more profit in fashion than Fragonard these days.

But Old Masters will retain their allure, if only because they are so cheap compared with later art. It is quite extraordinary that good examples of paintings by such revered names as Tintoretto, Claude and Tiepolo can be bought for around £500,000 on the rare occasions that they arrive on the market.

Acrylic paintings by artists of the postwar New York School, Andy Warhol for one, whose place in art history has yet to be determined, often sell for twice as much.

Canvassing Asian art

Ann Chubb sees east Asian wealth on the walls of Singapore

With the Hong Kong hand-over to China imminent, Singapore likes to see itself as the arts springboard for Asia. And ironically, it is a

British-based company which has established over the last five years the biggest annual International Fine Art and Antiques fair for Asia, Treasures, which opened last week in Singapore.

Singapore, a one-time fishing village, has developed into a wealthy international business centre and south-east Asia's new millionaires are hungry for culture. The government is sinking billions into making Singapore a global city for the arts, building an opera house to rival Sydney's and installing new museums like the just-opened Museum for Asian Civilisations.

There are already 300 art galleries in the city, and over the past few years the auction houses have established bases there, too. Sotheby's and Christie's recently held auctions and Bonhams held its, in aid of awareness of endangered species of wildlife, on April 26.

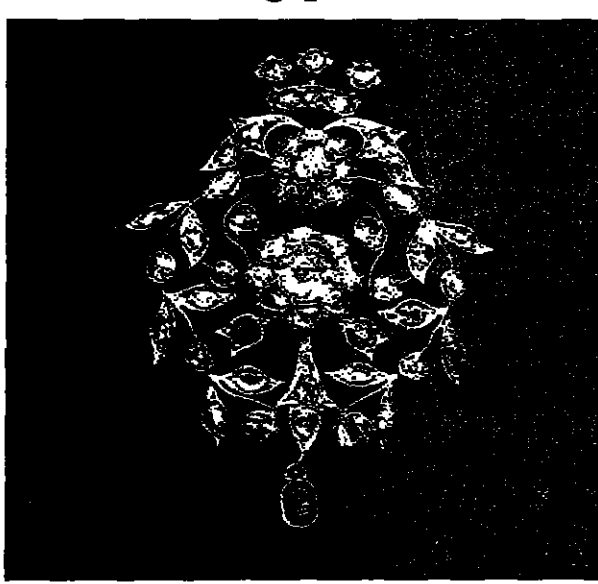
East truly met west at Treasures with its extraordinary mix of world treasures, from Asian art to Chinese porcelain, Victorian silver to Persian carpets, Chagalls and

Picassos to the graffiti art of the late Jean-Michel Basquiat and aboriginal art of Australia - a treasure trove expected to attract spending in the region of \$25m.

But what truly dazzled at Treasures was the jewellery, with glittering displays from five of the world's top jewellers, none of whom ever exhibit at any other fair in the world. For at Treasures they not only reach the rich Singaporeans but Indonesians, Malaysians, Bruneis, Filipinos and Thais, all of whom prefer to buy in privacy outside their own countries.

The jewellery market in Singapore is one of the most sophisticated in the world. Certainly it appeared that way, with pearls the size of quails' eggs, diamonds as big as 50p pieces and rare examples of art deco.

Looking at the stands at Treasures, established by Britain's Fine Art and Antique Exhibitions, one could be forgiven for thinking that coloured diamonds were this year's new trend. In fact, it is rare to see so many coloured diamonds - blue, pink, yellow, green and orange - all under one roof.



Antique yellow gold brooch, exhibited by Anne Schofield Antiques

notably the unique collection of perfect D-diamonds exhibited by Graff of London. All in all, a stunning display worth \$70m was on offer.

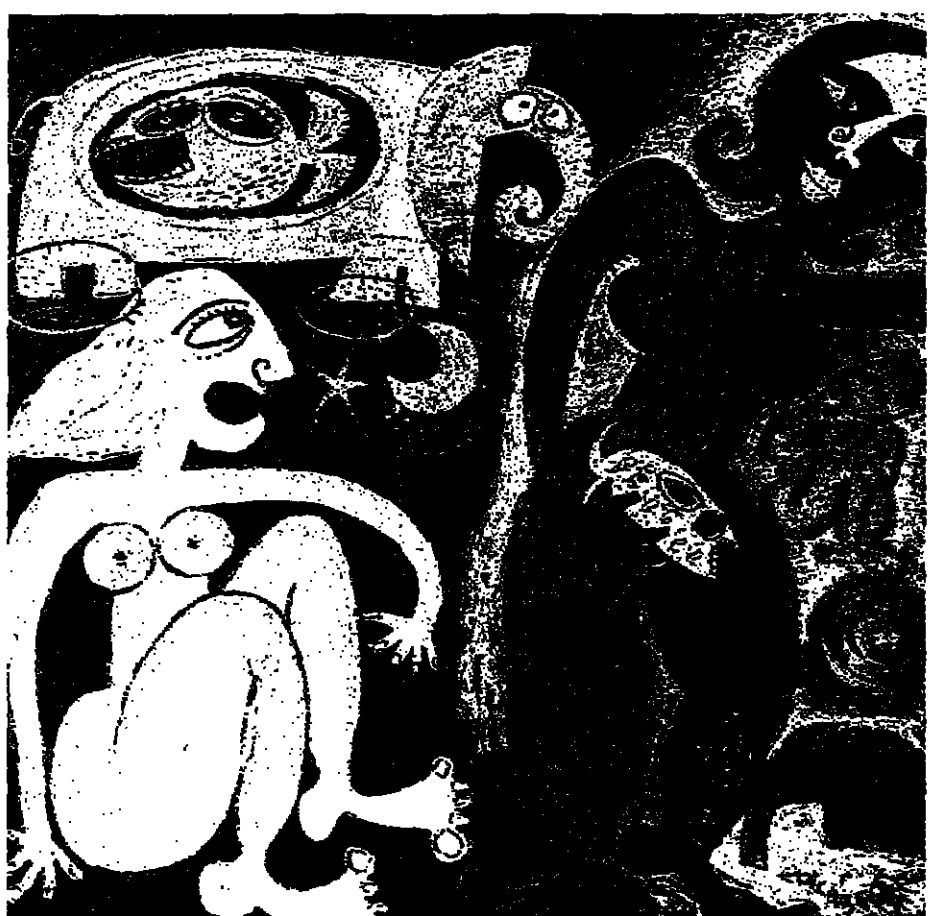
As the principal world dealers in coloured diamonds, Graff's display included intense yellows, deep blues and intense pinks, as well as the very rare pinky/orange stone. The

most expensive diamond on view was a flawless deep blue heart-shaped valued at \$5m and a flawless D-diamond of more than 40 carats in a pear shape worth \$5m.

Exquisite art deco jewellery and Fabergé pieces were on show at royal jewellers Wartski of Mayfair, which was exhibiting for the first time. "They seem to have an insatiable appetite for jewellery here," said Wartski's Geoffrey Munn. "They're obsessed with carat weight and stones, which can be a problem with the sort of antique jewellery we sell. The focus of interest is on art deco."

"Many of the buyers are executive women buying for themselves. We sold a 19th century carved gold ring with a cushion-shaped white diamond for \$83,750 to a Singaporean lady who works as a banker."

Crown jewellers Garrards brought a cross-section of what they sell in London, from an art deco silver tea set to a Georgian silver cutlery box and a magnificent collection of jewellery, again focusing on art deco. A



'Mystery of the ninth woman', one of a series of three paintings by Erica Hestu Wahyuni

French gilt clock set with porcelain panels circa 1880 sold on the first day for \$6,000. A rare set of ruby and diamond bracelets were expected to fetch \$40,000.

But if exquisite jewels by Graff, Dior, Cartier and Siba dominated the exhibition, 70 per cent was given up to fine art from four continents.

On opening night, the 7,000 visitors, many of them Asian beauties dripping with jewels, crammed the stands, platinum cards at the ready. Not all the buyers were Asian. Joseph Kieboom from the Netherlands Foreign Investment Agency, newly relocated to Singapore, was looking for paintings to furnish his new apartment.

"I had been advised not to ship my own paintings because of the humidity but now I realise that oils are suitable and I'm looking for something to cover my bare walls. I'm not an investor - I

buy art when I like it, and when I like it I don't want to sell it."

The Enrico Navarra gallery from Paris created enormous interest with its provocative paintings and collages by Jean-Michel Basquiat - one measuring 229cm by 255cm was valued at \$340,000 - plus Chagalls and Picasso drawings from 1912. Showing for the first time it was more interested in making contacts with museums and private collectors.

"If we can find two or three art lovers and help them find what they want it is certainly worth our while," it said.

In a market where the status of obvious quality is valued, Robert Bowman from London, specialising in 19th and 20th century sculpture, does well. By day two he had already made one good sale - a big bronze of an Egyptian woman by the French

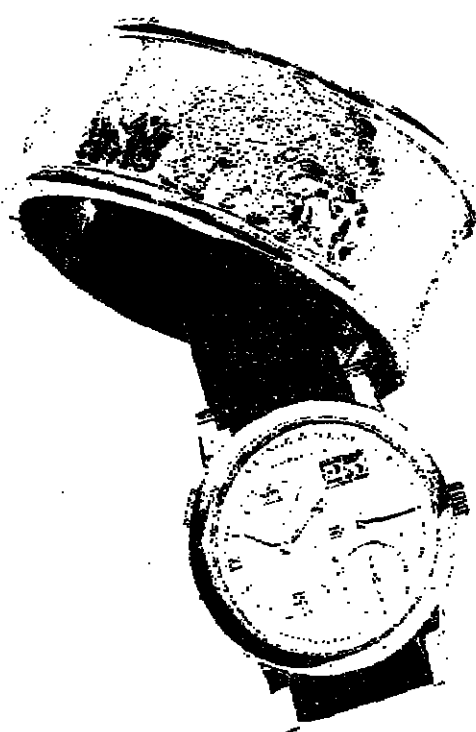
artist Matthew Matharin Moreau dated 1822-1912, which fetched £20,000.

"It's a market with tremendous purchasing power," he said. "But they are always very concerned about getting something that is worth what they paid for it. They like Egyptian figures because they have an exotic quality that is familiar to them."

Marlborough Fine Art, exhibiting for the first time, featured the bold, bright paintings of Bolero and an array of paintings by Chen Yi Fei, the most sought-after contemporary Chinese artist in the world.

Treasures' organiser Bill Burris says the Asia-Pacific market has become more sophisticated over the last five years. Next year he plans to take the fair to Hong Kong with a package deal on freight and travel that would make an attractive offer for dealers.

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How to Spend It

Less is better when pottering in your garden

Lucia van der Post looks at the latest obsession of the 1990s

In the postmodern garden, fuss and superfluity are out. Nevertheless, gardening has become one of the obsessions of the age, a new vehicle for displaying superior taste and moral judgments.

Whether focused on an urban plot or a rustic retreat, how you garden, what you grow and what is in your garden tell the world

more about yourself than you probably wish it to know.

When it comes to accessories, what the modern garden requires is less rather than more. But the trouble with less, as I have frequently bemoaned, is that what the less consists of becomes increasingly important. A lush profusion can mask a lack of quality but when

there is very little for the eye to alight upon the eye becomes a stricter, less indulgent judge.

For those who feel more comfortable with old-fashioned borders and jungle excess, whose tastes run to the ornate and the decorative, these are tough times. Minimalism seems to be moving inexorably into the garden.

Strong lines and

sculptural shapes are taking over from the sweet abundance that was the hallmark of the English garden.

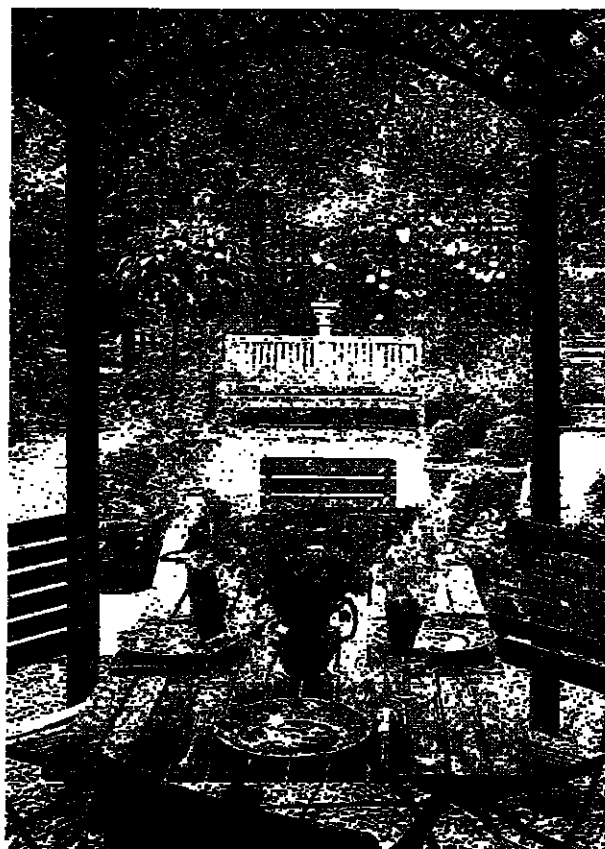
As the better weather arrives, as spring gives way to summer, decisions have to be taken. So here for those who are pondering on what to do with patios, pools and lawns, is a collection of just some of the options around.

Clean and simple does it

For those who believe that plain and simple is best, Gloster is a name to look out for. It offers furniture with an English look - nothing fancy, nothing purely decorative, just clean lines and solid woods. The nearest Gloster comes to the curvy or the decorative is in the Marlborough, a wooden seat inspired by a traditional Lutyens design. All the furniture is made from timber - either American White Oak from what are described as "managed" sources in North America, or teak from another managed plantation in Java.

The furniture pictured right: the Rivo range of dining furniture costs £243 for the table, £279 for each chair (a carver is available for about £463). In the background is the Madison garden seat, which is £786. Gloster furniture can be found in a wide range of good furniture stores and garden centres.

For further stockists ring 0117-931 5335.



Pots for all seasons

For the urban gardener, far more than for those with ancestral acres, the pot or plant container is usually the key to growing fine plants.

Almost every garden centre these days sells a fine collection but for those who are looking for something more individual the name of Svend Bayer is worth noting.

A fine potter, he is best known for making large planters and urns by a combination of throwing and coiling. He uses a wood-fired kiln so the colours of the glazes and finishes are not always predictable, making every pot unique.

At his home in Devon he has four large, wood-fired kilns, and readers interested in buying one of his special urns or containers can visit him there (Duckpool Cottage, Sheepwash, Beaworth, Devon EX21 5PW but telephone 01409-231282 first) between 8.30am and 6pm.

Prices range from £187 for pots in his standard range - about 22in wide by 12in high - but the really large pots vary from £600 to £2,000 depending on the size, the quality of the glazes and the texture. These are usually made to order.

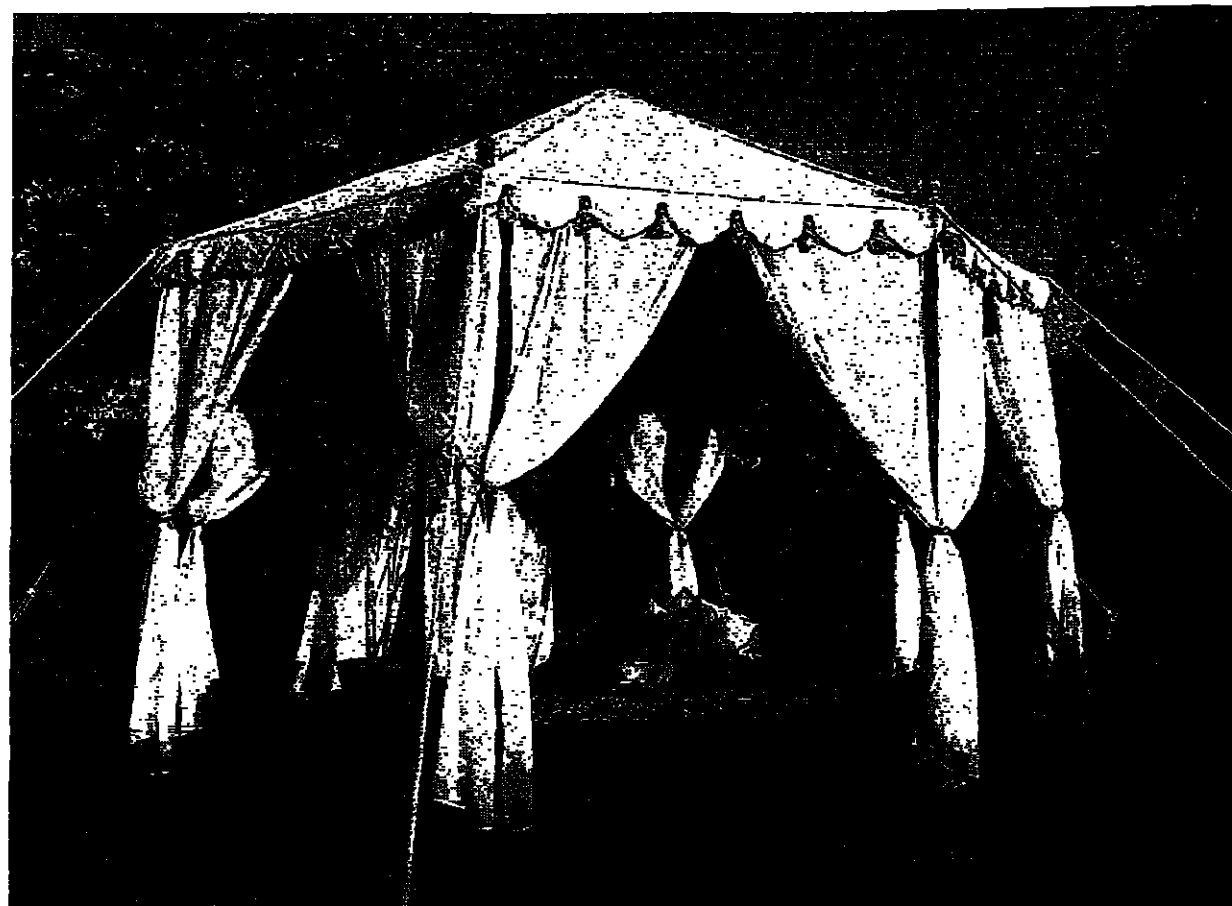
With another potter, Jonathan Garratt, who also uses a wood-fired kiln for his pots, Bayer will be exhibiting his pots at 60

Addison Road, London W14 from May 22 (open from 5pm to 8pm) through May 23 (from 10am to 8pm) to May 24 and 25 (from 10am to 5pm).

Garratt's pots are on the whole smaller than Bayer's and feature interesting textures as well as shapes.

He, too, has a pottery in Dorset - Hare Lane Pottery, near Wimborne, Dorset BH21 5QT (tel: 01725-517700) and readers who want to buy from the source and see the full range would be welcome to visit there.

A visit to the nearby Cranborne Garden Centre, Garratt tells me, would make a visit to that part of the world doubly well worthwhile.



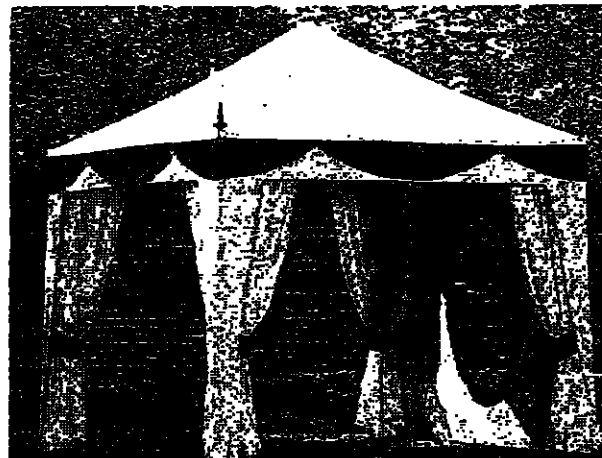
Celebrate with the tents that Rajasthan built

The tents that Clarissa Mitchell has developed for the Maharaja of Jodhpur will come as a revelation if your idea of a tent is the sort of thing that boy scouts cower in while dodging the rain.

A graduate of the Royal College of Art, Mitchell was asked by the maharaja to help him develop a range of products which would stimulate local crafts and skills as well as reflect something of the traditions of Rajasthan, where the maharaja comes from.

Tent-making is an ancient Rajasthani skill - great tented cities would be erected for weddings, durbars, expeditions and the like and, as Mitchell points out, making them uses almost all the traditional Rajasthani crafts. From dying and wood-block printing to tassels making, carpentry, appliqué work, mirror work and embroidery, the tents are perfect vehicles for the region's skills.

The new tents were first used to house guests at the annual camel fair at Pushkar but since then Mitchell has developed a more versatile range of



It's curtains: Quadrella's tent is simple and quick to erect

structures - from hammocks and small canopies to pool-side pavilions.

They are, of course, highly decorative, and have been taken up by several interior decorators who have used these tents inside existing rooms (the new Oberoi hotel in Jaipur, for instance, will feature a series of embroidered, tented rooms).

Tour operators also use them for tourists going to remote regions (they are particularly useful in fragile eco-systems, such as Namibia, where they do less damage than permanent

structures) or to islands. For the British market the most useful items are the hammocks and pergolas (which could be set up over a garden table to provide shelter from the sun or rain). The tents would also make marvellous settings for celebration dinners, for dancing and feasting as in Mughal times, as well as providing an extra room.

The tents are made from natural cream waterproof canvas and are lined with cotton sheeting in a selection of colours and prints. A splendidly ornate

Mughal Tent, in the favourite colours of the great Mughal emperors - turquoise and Lapis lazuli - will be on show at the Chelsea Flower Show.

Small pergolas (from £310) and hammocks (£275) will be on sale at The Chelsea Gardener, Sydney Street, London SW3. Further details from The Raj Tent Club, 361 Lansdowne Crescent, London W11 2NT (tel: 0171-221 4273).

Less exotic, as they come only in the standard 10ft by 10ft size, is the Quadrella tent designed by Richard Brooke. It folds down to a package measuring 4½ft high by 1ft square (which would fit into an estate car), and he envisages it being used as a garden canopy over an outdoor dining-table or as a poolside extra room either for eating or simply for sitting in.

The tents come in nine colours, each costing £3,300 without a back wall (but complete with dress curtains) - the back wall is another £375. Further details from Brooke Design, 33 Astonville Street, London SW18 5AN. Tel: 0181-874 5771.

L.v.d.P.

Harmony in conservatories

Amdega is one of the big names in conservatory design and those who are going to the Chelsea Flower Show should make a point of looking out for it this year. A large conservatory, three summerhouses and lots of pots and other containers show that both inside the conservatory and out can be linked visually by a varying arrangement of items.

Amdega has chiefly built its business on integrating the conservatory with traditional English architecture, in the belief that harmony is the secret of successful building and restoration. In keeping with this mood, it has developed eight new botanical paint colours. Choose from Iberis White, Stephanotis Cream, Nigella Blue, Eryngium Blue, Berberis Blue, Ilex Green, Hosta Green, Wisteria Lilac and Zinnia Red. Contact Amdega Conservatories on 0800 591523 for further details.

Photographed above is Wisteria Lilac.

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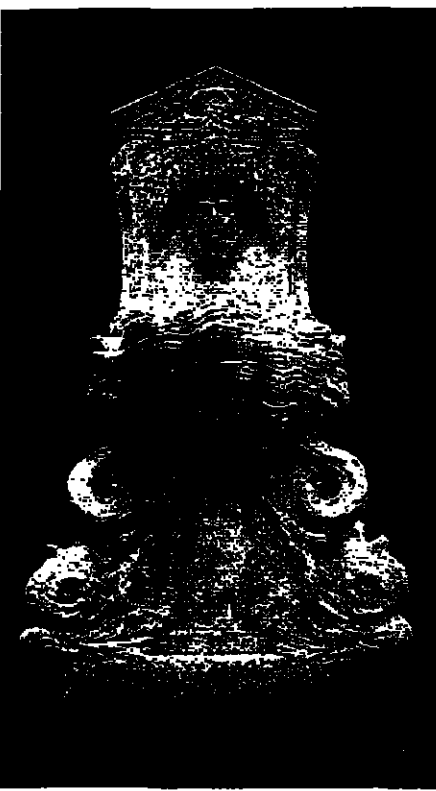
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If you have grand manorial swards that need enlivening, or are looking for just one marvellous piece to grace your postmodern open-air space, then Dolf Sweerts de Landas could be your man. He is to gardens what Mallett is to the house - that is, he deals in the grandest, most imposing antique garden statuary and accessories.

For those who want serious pieces Dolf could happily oblige with an 18th century statue at around £100,000, or an 18th century fountain, such as the one photographed left. And for those who have hundreds rather than thousands in mind, he always has a selection of terracotta pots and fine urns. Just one of his elegant urns - and a particularly fine one costs around £3,000 - would provide a splendid focal point for a metropolitan plot.

The old interior designers' adage that it is better to go for fewer and more imposing rather than more and small is just as true for the garden as the house. One truly splendid piece is worth any number of its bitsy numbers. His wares are displayed at Dunsborough Park, Ripley, Woking, Surrey GU23 6AL. Viewing is by appointment only (tel: 01483-225366).



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HOW TO SPEND IT

(From top left, clockwise)

Black strappy suede wedge heel, £215, by Ferragamo, 24 Old Bond St, W1, tel 0171-629 5007. Also available in chocolate brown, this elegant ankle-strap shoe with square wedge and fine straps across the foot sums up the look of the season.

Tiger print wedge mules, £140, by Armando Pollini, 35 Brook St, London W1, tel 0171-629 7606. Animal prints are very popular for shoes and accessories. These shoes are well made with a substantial vamp to prevent them slipping off the foot.

Leopard print shoe with wedge wooden heel, £255, by Dolce & Gabbana from Browns, 23 South Molton Street, London W1, tel 0171-491 7833. On a par with Prada in terms of desirability, Dolce & Gabbana's animal or floral brocade shoes look exquisite for evening - worn with a plain colour or a clashing print.

Navy patent wedge, £180, by Prada from Harrods, Knightsbridge, London SW3, tel 0171-730 1234. The choice at Prada ranges from gold evening wedges, delicate velvets and shoes with appliquéd wedges to this more substantial leather style. It looks very elegant on, and the cushioned, lightweight sole and wide straps ensure that it is comfortable to wear.

Pink suede ankle strap shoes, £215, from a selection at Gina, 189 Sloane Street, SW1, tel 0171-235 2932. Ranging from delicate floral prints to icy black leather or aquamarine velvet, Gina has some of the most beautiful versions of the wedge and platform shoe.

Drawing by Graham Marsh



Fashion Stacked high with elegance

Wedges and platforms are back, but not the orthopaedic shoes of the 1970s, says **Karen Wheeler**

Elegant is not a word normally used to describe the wedge heel. Along with stretchy tube-tops and sky-blue eye shadow, it is rarely found in the wardrobe of the well-dressed woman - regardless of whether or not it is in fashion. But this summer the unthinkable has happened. The wedge and the platform are back.

This time around, however, designers have produced shoes which are as elegant as the most dainty pair of Manolo Blahnik mules.

In the palest suedes, delicate sorbet colours, floral prints or opulent velvets and brocades, they come in simple, sculptural shapes and look more desirable than ever before. As you may have guessed, they bear little relation to the clumpy, thick orthopaedic-looking soles of the 1960s and 1970s.

And thanks to lightweight, flexible materials and cushioning, the best designs are surprisingly comfortable and not heavy or cumbersome to wear. This is important, says Aydin Kurdash, owner of Gina Shoes, since, "What makes a shoe sexy is how a woman walks in it and if she is in agony, the effect is going to be lost."

Like Manolo Blahnik's elegant but impractical stilettos, the latest wedge heels nonetheless merit the label "limo shoes". They are for special occasions rather than everyday wear and, while they are not suited to running around in the city, they look good for evenings, holidays or even weddings. Their revival owes much to the fashionable oriental look - many styles have wooden soles, for example.

Wedge heels also form the perfect counterpoint to the delicate chiffons and prints which are popular for summer. A heavier sole suddenly looks right. Prada's plush red or navy velvet wedges (£185), attached to the foot by three minimal straps, one around the ankle, is without a doubt the definitive shoe of the season.

Since it was shown with oriental jackets and chiffon skirts on the Prada catwalk more than six months ago, fashionable women around the world have been desperate to get their hands on a pair.

Other fine versions can be found at Salvatore Ferragamo, the Italian house which made platform-sole shoes high fashion in the 1940s. And anybody worried that wedge heels will be a one-season wonder can rest assured: Ferragamo has an even bigger selection for autumn/winter including gold evening wedges and a chocolate suede style, which is an exact replica of

one of its 1940s designs.

It is not just Italian shoe designers who are making wearable wedges. British label Gina - which specialises in slim, strappy shoes for the Princess of Wales and other smart society women - has gone overboard for stack-heeled shoes and has some of the prettiest styles and colours around. Gina created the wedge heels for the recent Amanda Wakeley show and reports that it has been struggling to keep up with demand ever since.

"High and medium heels, in ivory, pink or florals, have all sold very well," says Kurdash, who expects designs to get strappier as we get closer to summer. "Even our more traditional customers are wearing these. It helps that all of our wedges are attractive and stay on the foot. You only look like a fashion victim if you can't walk in them and

The latest wedge heels merit the label 'limo shoes'

the soles don't flex."

There are several other pointers to ensure that you look elegant. First, choose a style where the upper is covered in the same material as the heel, and always check the rear view, since the best designs do not look like wedges at all from the back but stilettos.

Second, do not wear ankle-socks or, indeed, if they are open-toed, any hosiery at all. Third, do not be tempted to buy a cheap pair: the best styles all cost well over £100, the only exception is the baby-blue suede wedge shoe (£44.99) from high street store Next, which is pretty and wearable.

Since many of the prettiest wedge shoes are open-toe and attached to the foot in the most minimal way, it is a good idea to get your feet into shape first. If they have been particularly neglected, it is worth investing in proper chiropody rather than just a pedicure.

Scholl offers a treatment at its chiropody clinics around the UK for £25, which works wonders on any feet. When honed into shape, paint the toes in one of the pale, translucent shades or spring-green colours popular this season. A slick of Boots No7 Cucumber Crush, £4.50; Chanel's Double Blanc, £11, or Ironique (a pale pink) should do the trick.

Finally, wedge heels are flattering as they visually trick the eye into slimming the legs and ankles.

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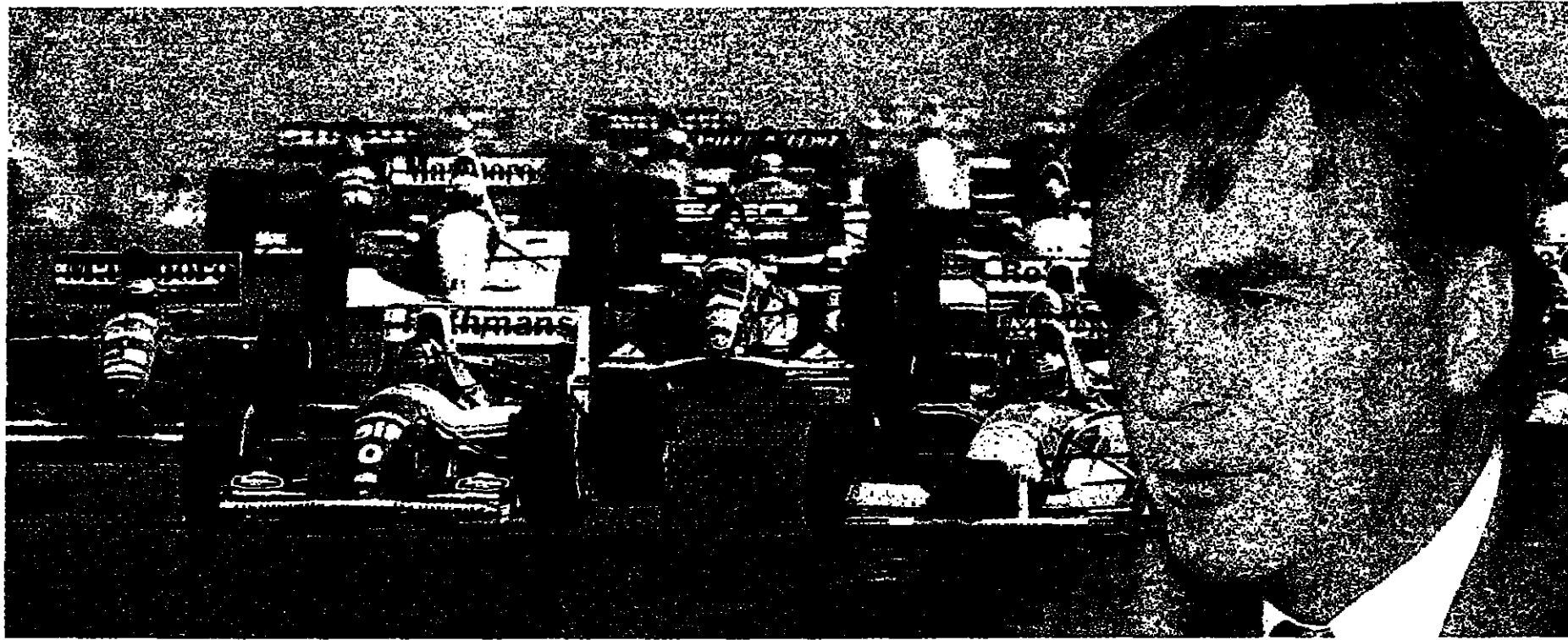
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MOTORING

Max Mosley and the FIA

A voice for the world's drivers

Led by its British supremo, the body that controls motor sport globally is going all out to help Mr Average, says John Griffiths



Wheels within wheels...Max Mosley, motor sport's global chief, has done much to give the FIA a higher public profile and has embarked on a series of battles that may shape the future of private transport

Mention of the Fédération Internationale de l'Automobile (FIA) and Max Mosley, its president, usually conjures up images of grand prix cars and motor sport, of which the FIA is the world governing body. But bureaucrats at the European Union headquarters in Brussels, along with

politicians, car makers and the oil industry, are learning rapidly - and, potentially, at heavy cost - that it is much, much more than that.

Mosley - a barrister, former grand prix team-owner and son of Sir Oswald Mosley, a one-time controversial, right-wing British politician - is placing the FIA increasingly in the thick of some strategic, transport-related battles that are very far

removed from the world's race tracks.

These battles - on the industrial, commercial and legislative fronts - already are having an impact on millions of private and business motorists in terms of the safety, fuel efficiency, environmental cleanliness and even the running costs of the cars they drive.

The FIA's influence on their outcome is no less pivotal for having been applied mostly behind the scenes. Now, however, both it and its work are becoming more visible as a matter of policy - as, arguably, they should. For, as the umbrella body covering the motoring organisations of 143 countries, it is - or certainly should have been - the voice of more than 100m individual motorists worldwide in international debates about

the future of private transport.

It is now nearly four years since Mosley, showing the tactical skills which some colleagues insist will see him entering mainstream politics eventually, staged an adroit electoral coup to dislodge the extrovert Jean-Marie Balestre, who treated the organisation's elegant Paris headquarters as a per-

sonal fiefdom, did much to raise his own profile during his years in power. But although always keen to share the winner's podium with grand prix drivers, he confined himself to gesture politics when it came to the FIA's potentially significant role in transport.

Mosley is no personal tub-thumper. But he has moved decisively to push the FIA towards a higher public pro-

file as well as acquiring the capability for in-depth technical analysis.

Both have been needed to provide the organisation with legitimacy and gravitas for its drive to the forefront of crucial debates about motoring and mobility - matters that affect all drivers.

Some examples. In July, the European New Car Assessment programme (EuroNCAP), a consortium including FIA, the UK Department of Transport, and International Testing (an association of 21 European consumer organisations) will publish its own crash tests for Europe's leading family cars. These are likely to generate as big a furor as NCAP's supermini tests earlier this year in which some cars, including Rover's 100, fared very badly indeed.

The industry, led by the European Automobile Manufacturers Association (ACEA), protested angrily that the tests - conducted at 64kph (40mph) - were "unfair" because the present official test speed is only 50kph (31mph) and stiffer legislation next year still will require only a 56kph (35mph) impact.

Mosley, NCAP's chairman, is unimpressed. "We felt like saying to ACEA that, if car-makers didn't like it, they should put stickers on their cars saying: 'Please do not crash this car at more than 56kph...'"

"More than ever before, safety is selling cars. The 'official' crash tests do set a basic benchmark. But just as there are some people who like a car with the right colour, or that goes fast, the NCAP tests provide something extra for consumers for whom safety is of overriding concern - and for those carmakers who see safety design as a market opportunity."

While reluctant to say so itself, the FIA largely was responsible - through its intensive lobbying in Brussels - for the substantial increase in the severity of next year's official crash test standards. According to estimates by the UK Department of Transport, deaths and severe injuries would be reduced by 90,000 a year if all EU cars met the new standards.

Meanwhile, the FIA also is battling on two other main

fronts: with some major car-makers over on-board diagnostics (OBDs), and with Europe's oil industry over exhaust emissions.

OBDs may sound especially boring but they are of huge significance to makers, motoring organisations and ordinary drivers alike.

With engines, gearboxes, brakes and other systems coming more and more under electronic control (as will be automatic collision avoidance and so-called intelligent cruise control, plus other innovations, within a few years), fault diagnosis increasingly must be performed by computer plugged in to the car's control circuits.

In Europe, however, some carmakers and their dealers see OBDs as a potential gravy train. They reason that if they can ensure that only their own approved equipment can be used, owners will not be able to go anywhere else for service and repairs.

The FIA opposes this

fiercely. Earlier this year, it told European Parliament members that there are around 15m car breakdowns in Europe each year. Of these, 15 per cent involve electronics. It is crucial, the FIA says, that roadside rescue services, such as Britain's AA or RAC, can "plug in" as well.

It points out also that, with competition from independents blocked, motorists would pay more for repairs. And thousands of small garages might eventually be forced to close.

In fact, the battle might almost be won. In the US, federal laws enacted last year have made OBDs accessible to anyone - and European makers with US sales are complying already. So much for the "technical" difficulties which other European makers have cited.

The OBDs' issue now has become part of European Parliament amendments to an EU Commission draft

The FIA is spending £50,000 on planting trees in Mexico to absorb CO₂ emissions

directive on vehicle pollution and air quality standards. So, too, has another matter on which FIA lobbying has been equally hard - exhaust emissions.

The FIA has demanded that a "cold start" element be incorporated in emission tests (exhausts are at their dirtiest in the 40 seconds or so before a catalytic converter warms up). Yet another amendment calls for converter systems to last for 160,000km (100,000 miles) as in the US, not the EU's 80,000km.

But the FIA sides with car makers in demands that the oil industry must play its part by adapting their refineries to produce low-sulphur, low-pollution fuels. The industry claims the costs of complying are too high and that the solutions must be found within the car.

Mosley does not intend the oil men to win the day. This also is part of the parliamentary amendments, which could be approved by the Council of Ministers by the end of the year.

Already, however, new targets are being lined up, some highly innovative. The FIA is spending £50,000 on planting trees in Mexico. According to David Ward, director-general of the Brussels bureau set up jointly by the FIA and its sister body, the Alliance Internationale de Tourisme (AIT), these trees will absorb the equivalent of all the carbon dioxide generated by grand prix motor racing in a season.

On a much larger scale, the FIA claims an initiative like this could be the cheapest and most enduring solution to global warming.

That Mosley is revelling in his wider FIA role is not in doubt. His love of motor sport still runs deep - he was a more than passable single-seat driver - but his time devoted to racing is under 50 per cent and declining, and he concedes: "I do find what we've been doing in Brussels more interesting than the sport, simply because it really matters to a huge number of people who are not, unlike motor racing, volunteers."

But as a precursor to politics? "I don't think so. In a way, the job already is a very political one and, for anyone interested in that, it's already very satisfying. Besides, you can actually influence events when you've got 100m members."

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been death.
the last...
children in crisis

PROPERTY

The break in the weather has revived gardeners' spirits and the return of a measure of rain has made the whole pursuit seem possible. I have already seen roses fully open in April, culminating in an unwise bloom on the excellent old pink Isaphan which has been greeting the start of the university term.

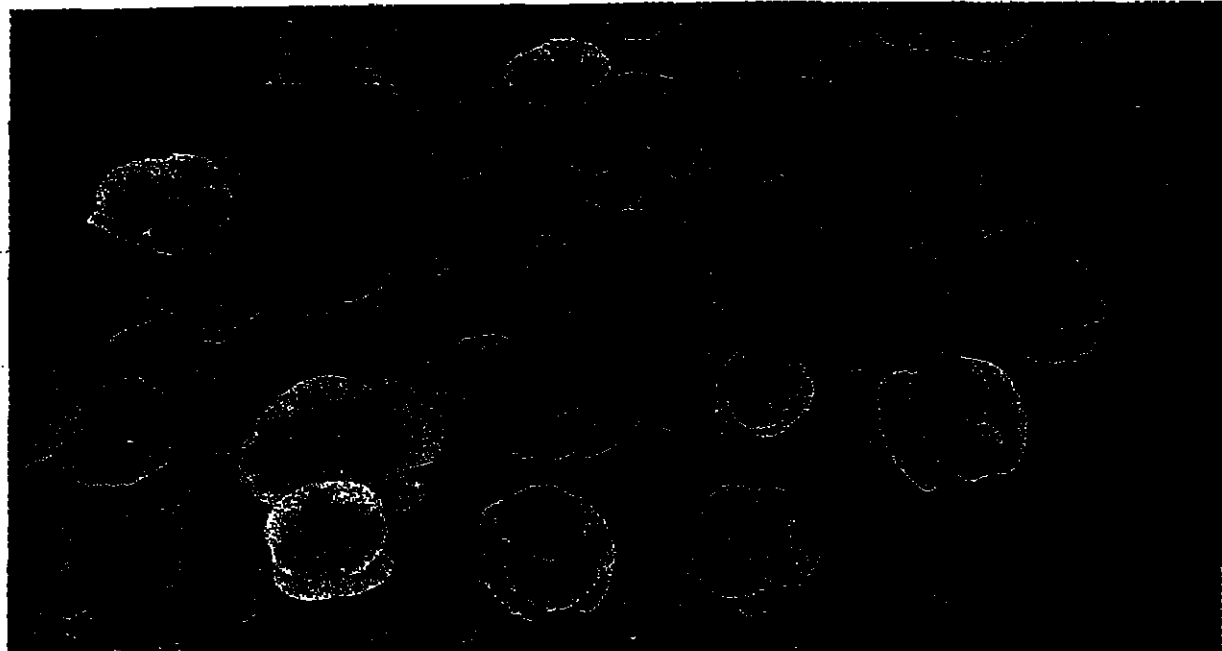
There never was such an April in Britain and for once T.S. Eliot was right: we lived through "the cruellest month/ Breeding lilacs out of the dead land". I have never seen lilacs in an English April and previously assumed that like most poets, he was a botanical liar or thinking vaguely of the Mediterranean.

If the dry weather in England really has relented, we are just in time for seed-sowing outdoors. Throughout dry April, it was the opportunity which I most regretted. Well-chosen sowings in late April are the easiest way to enliven a garden in late summer. The job is easy and if the soil is slightly damp, I urge you to attend to it in the next 10 days.

All you need to do is clear away weeds, scuffle over the surface of the soil to a depth of a few inches, and make some straight, shallow seed drills to a depth of about half an inch with the help of a garden rake. You hold the rake with the teeth facing upwards and outwards, away from you and then press the straight edge of the head nearest to your feet gently into the soil at a slight angle so that you make a shallow, straight trench.

Into this slot, sprinkle the contents of your chosen packet of seed. Flatten the earth back over the shallow little trench, or drill, and pat it gently with the flat surface of the rake's head. If the soil dries out again, water the sown area from a can fitted with a fine rose. In a fortnight or so, the seedlings will come up and you can thin them out so they are left about 6in apart. You can cover a wider area by setting your little trenches about 8in apart and if you vary the angle of their straight lines, you will end up with rows which are not too formal.

What, then, is a good



Poppies in bloom: sow California Poppies now for a late summer flourish

Garden Picture Library

Gardening

Sowing the seeds of summer colour

Now is the time to fill border gaps, urges Robin Lane Fox

choice for the job? Every year, I grow and recommend the tall, easy Corn Cocks, or *Agrostemma* which respond well to direct sowing in early May. It is a graceful plant but has the advantage of growing up to 3ft in height and finding a living among taller, thicker border plants. I am also traditionally fond of the Californian Poppy or *Eschscholzia*. Forgive the name, because the pale form called Milky White is very impressive and the small, lesser known *Caespitosa* sundew is an absolute winner, growing in any small space and showing lemon-yellow flowers at only 6in tall. These poppies and others are best in sunny soil where the flowers will open and as they dislike disturbance, they are ideal for sowing directly in drills.

If my prose description of the use of a rake is still puzzling you, opt for nasturtiums and forget it. The big seeds can be pressed directly into damp soil where you want the mature plant to stand. They will germinate freely in May so long as they do not dry out. They then grow and flower, reaching their marvellous peak in August. I am keen on the new *Nasturtium Whirlybird* Cream which is conspicuous for its cream-yellow semi-double flowers. Thompson & Morgan of London Road, Ipswich, are offering seed and if your local garden centre has sold out or has only the usual miniature shades of orange, you can fax T & M on 01473-680199 for an express order.

The Whirlybird varieties are compact and short, but not unbearably so. You will also want the very long trailers and climbers which will spread to up to 8ft. They are also offered widely and feature in Monet's garden at

Giverny, where they spill over the central *allée*. I must, however, repeat that good nasturtiums depend on adequate water.

Evening primroses are as good as they sound and whether or not you believe in their health giving virtues, you could not fail to grow and like *Oenothera* Lemon Sunset, another speciality of T & M. It grows to 3ft and fades from soft yellow to a shade of red. It is a great asset in the middle-to-back rows of a border which needs brightening later in the season. The seeds are easy to grow and the plants do not object to a hot season.

My other standbys for immediate action are rather smaller. The wild Five Spot, or *Nemophila maculata*, makes an unending mat of leaves and flowers which are a pale blue-white marked by a darker blue spot. This plant is successful in dry

conditions and I bless the day that it was re-introduced.

The crimson *Flanders Poppy* is another flower with a black spot, but it has a longer history in gardens and is strangely ignored by many people who want something bright and easy at short notice in the front row. T & M sells it by its true name of *Papaver commutatum*. I am never without it for long.

The best of these varieties are not often on sale in the seed racks in local shops. Do make the effort to order them, even at this late date. Every year, I bless the reinforcement of these easy flowers and others because we never know what gaps will suddenly open or seasonal tricks will be played among the perennial varieties in borders. Adapt the old saying: sow in May and go away.

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On the Move

Cash to spare in the country

Recovery in prime markets is being confirmed throughout England, says Gerald Cadogan

One out of five people selling prime country houses in the UK goes to market because the home is too large, reports Savills' Residential Research Bulletin.

It is these people who might buy in France ("trading out" rather than trading down) because they will have capital to spare from their sale in England. They are found mostly in Surrey, East Anglia and Oxfordshire, Savills notes. The latter are two of the areas outside the home counties, along with Yorkshire, that have seen above-average price increases.

Prices for prime properties in the home counties rose by nearly 17 per cent in 1996, against a national average of nearly 12 per cent. A fifth of the buyers were people moving out of London, cashing in on the prime market.

Figures from Bidwells confirm the recovery in East Anglia, although the region still offers more house for your money than Hampshire, for example. A typical five-bedroom village house of age and character, in one acre, now costs around £320,000 in the Cambridge area (against £270,000 in 1995), and £310,000 in 1996). Near Bury St Edmunds and Norwich, it is now around £255,000 and near Ipswich £280,000.

The sharpest recent increases are around Northampton, where a typical house costs around £300,000, against £250,000 in 1995.

Villa ideas

Danson House is a superb Palladian villa at Boxleyhead on the edge of London, built in the 1780s by Sir John Boyd, merchant



Pavyotts Mill House still features a 33ft-long great hall

and director of the East India Company, who commissioned architect Robert Taylor to design the reception rooms.

The music room and dining room with bow-fronted bays, and an octagonal drawing room, are set around an oval staircase with an Ionic colonnade.

Building the house and business losses in the American War of Independence cost Boyd dearly. In the 1770s, he had to take out a mortgage and, when he died in 1800, his son Sir John II sold some of his paintings.

He sold the property in 1805. In 1923, it came into the hands of Bexley Council, who used it for various purposes, and opened it to the public until the 1970s.

English Heritage then put it on the Buildings at Risk register and in 1995 bought it to return it to its original glory. EH has re-roofed the building in Westmorland slate and cleaned the stone-work. Inside, restoring the smart gilded, painted and plastered decoration of the main rooms is under way.

But what next? Through Knight Frank (0171-629 5171), EH asks for offers and suggestions for taking Danson on a long leasehold.

The new occupants must allow some public access

(since EH will have spent £1.75m of public money on it), finish the redecoration and expect to face an interviewing board.

Catholic tenancy

Interviews also await candidates for renting Little Clarendon, a 16th century house listed grade II* in the village of Dinton near Salisbury. The National Trust is looking for a tenant for an assured shorthold with a rent of more than £1,200 a month, and some public access. Inquiries to Woolley & Wallis (01722-424535).

Under the terms of the gift to the trust, the tenant must be a practising Roman Catholic. Next door is an RC chapel. The tenant will have to hold the keys and the vestments, and prepare the chapel for mass.

The spring bulbs at Little Clarendon are splendid, as it belonged to a daffodil grower, George Engleheart, whose wife gave it to the trust in 1941.

All the rage

A little younger is the 1600 Pavyotts Mill House, also grade II*, at East Coker in Somerset (of T.S. Eliot fame, and where the poet is buried).

The miller was successful enough to build himself a tripartite mansion shaped like a capital E - the fashion of the time. Then came the civil war, when Cromwell's soldiers destroyed two arms of the house.

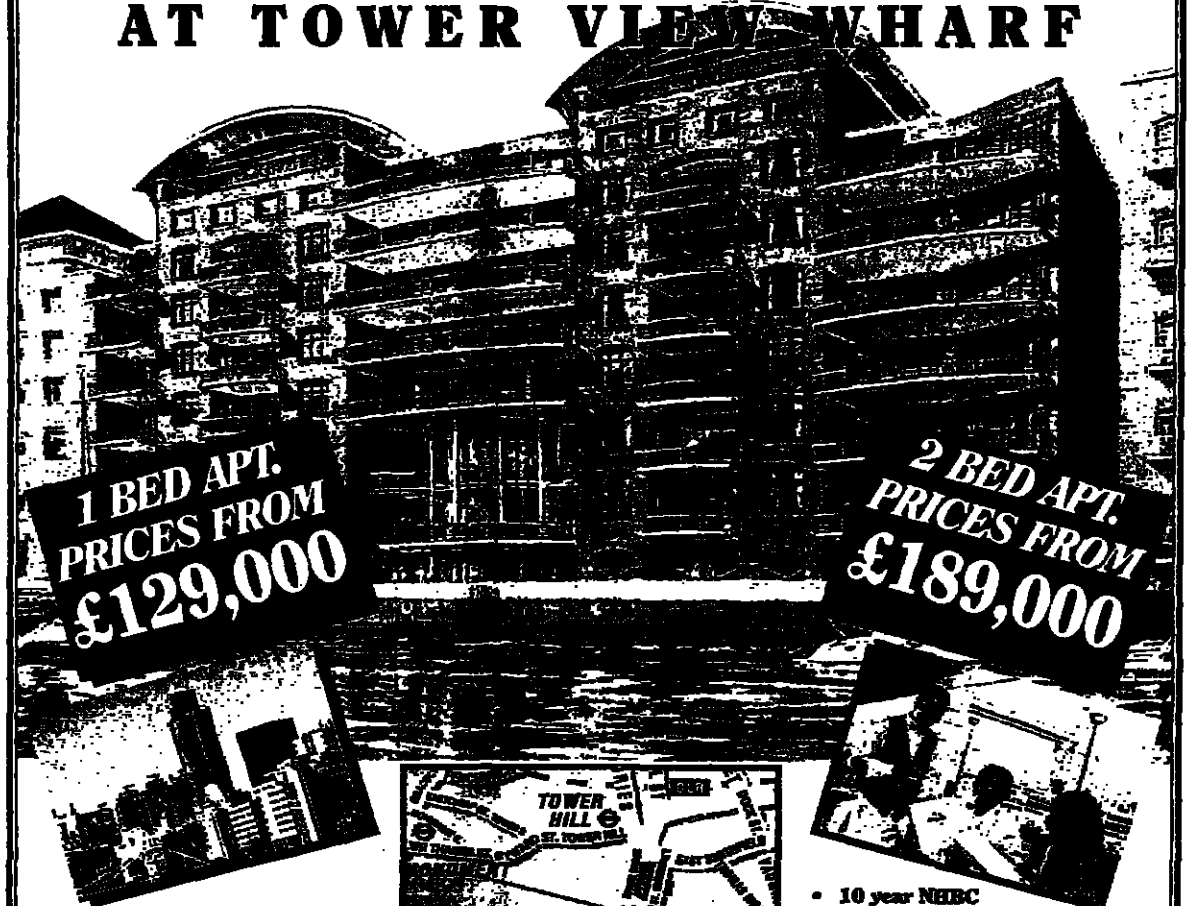
It still includes the 30ft-long great hall and its Ham stone chimneypiece. This unusual relic of 17th century history, restored by the architect owner, is on offer from Cluttons (01749-678012) or Jackson-Stops (01935-474068) for £225,000.

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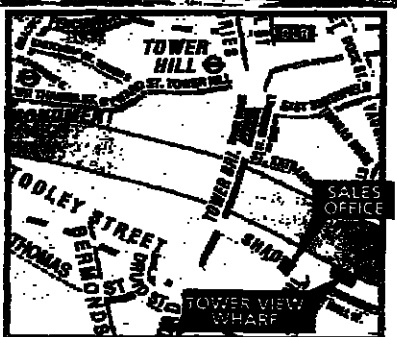
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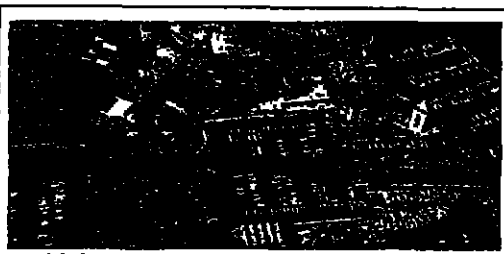
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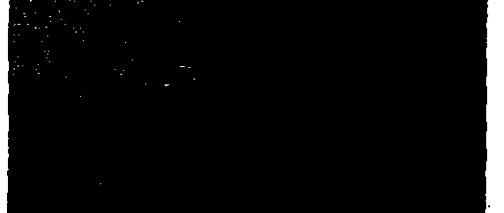
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WEEKEND FT XVII

TRAVEL

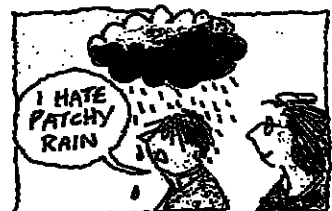
LITERARY LEANINGS? You too could write a Gothic novel in a day if you attend a workshop run by the Brontë Parsonage Museum in Yorkshire, one of numerous events celebrating the 150th anniversary of publication of *Jane Eyre*, *Wuthering Heights* and *Agnes Grey*, on June 20-22; details on +44 01535-642323. Elsewhere in Britain, manuscripts and possessions of Thomas Hardy go on display in July for the first time in a new gallery at the Dorset County Museum, Dorchester; call 01305-262735. Fowey, in Cornwall, hosts a Daphne du Maurier festival from May 9 to 18; Countrywide Holidays (0161-448 7112) will be hosting the main marquee.

GUM FLY WITH ME: Swissair has banned smoking on transatlantic flights but will give free Nicorette nicotine-substitute chewing gum to passengers who want it.

OUTBACK OPERA: Kiri Te Kanawa performs with an aboriginal women's choir in remote Belahna (pop: seven), a settlement in the Flinders Ranges three hours north of Adelaide, in the unique Opera in

the Outback festival from September 18 to 21. Luxury (and other) tents available; jazz festival, wild goat races and a bush gymkhana are among the attached activities. Bridge the World (+44 0171-734 7447) is the only UK agent.

WEATHER AND WHEN: Will I need an umbrella in Cairns in March? (Probably.) A guide to



the world's weather for tourists, *Weather to Travel*, gives statistics, maps and comfort ratings for 205 countries. Sponsored by PowerGen, and available from 0181-766 6540 for £6.99.

REBIRTH OF A NATION: US Civil War battles will be refought in non-aligned Essex (Park Farm, Herongate, Brentwood) in the UK. Fighting begins at noon on May 4 and 5, with attacks on a Union fort. Staged by the North and South Association (+44 01276-504318) with infantry, cavalry and artillery. Yankies, Johnny Rebs and innocent bystanders welcome.

LIGHT MUSIC: A candlelight vigil on August 15, 20th anniversary of the king's death, will be the highlight of King's Week - August 9-17 - in Memphis, Tennessee. Elvis Presley's Memphis nightclub, on the site of a shop where he bought his clothes, will be opened; and for the first time, his parents' bedroom will be on show at his Graceland mansion. Must try the fried peanut butter and banana sandwiches - his favourite. Also in town, until September 30, an exhibition of memorabilia from the Titanic.

ON LOCATION: Visit UK National Trust sites used in film and television: busy Lacock village has been in *Emma*, *Moll Flanders* and *Pride and Prejudice* in the last two years. Try Compton Castle (Sense and Sensibility), Cliveden (Carrington), Ashridge Estate (an ancient English village built for First Knight). These and many other themes are on a new map; call +44 0181-315 1111.

MINI-BREAK: Three nights in Kasteelje Hattum, the smallest Dutch castle, start at £219. Surrounded by moat and woods, it has just eight rooms. Call Amsterdam Travel Service, +44 01992-458056.

READY FOR TAKE-OFF: From this month, travellers to St Omer in northern France will be able to visit an underground V2 missile bunker, built as a base for the planned German invasion of Britain in the second world war. It is being transformed into

La Coupole, a museum with displays on Nazi war plans, occupied France, and the life of allied prisoners of war. Tel: 00-33-3-21 93 07 07.

CANAL DE LUXE: Cruise Britain's canals the easy way, in a moving hotel. H & H Narrowboats (0171-272 0033) provides crews who cook and sail and bring you coffee in bed in the morning. You can lounge in the glazed observation room or stroll along the tow path. From £230 for three nights.

FLOWER POWER: Experts and beginners can attend a masterclass in flower painting at Reid's Palace Hotel, Madeira, from May 10 to 17. Study light and tone, form and texture and visit gardens and tour the island. The masters in question are Dr Shirley Sherwood and Coral Guest; price £1,300/\$2,200 excluding airfares. Details on +44 0171-805 5059.

ON THE MOVE: World

Tourism Organisation predicts a tourist boom: from 592m international arrivals globally last year to 702m in 2000 and 1.6bn in 2020. More people travelling, more often, and more long-haul flights.

TIME FLIES: Shuttleworth air show will be held tomorrow at



Biggleswade, Beds; call 01757-627288. Europe's biggest collection of flying pre-1940 aircraft, period vehicles and costumes, and the Crunchie Team Wing Walkers.

THAR SHE BLOWS: Whale watchers in Iceland increased

nearly 300 per cent last year, and in Husavik village dived a 98 per cent success rate, mostly minke whales. Cover the World (01737-2188) offers packages from £675 four days and includes mudpool visits.

NATIONAL MILLS DAY is May 11 on which 400 L mills open to the public. Stay with Country Holidays: 01282-445085.

DRAM RIDE: The Stith Whisky Association (011-222 9235) offers a free guided Distilleries Which Welcome Visitors.

BATS, Rubens texts, lace and chocolate moulds a all subjects of exhibitions in Flanders this year; data from the Belgian Tourist Office, 0171-629 3977.

ROYAL WELCOME stay at a Heritage palace in north-west India, often with minor valty still in residence, with Irian Magic (0181-427 4848).

GLASGOW TO LONDON with Ryanair (+353 1 67800) from £19: lowest ever, says.

John Westooke



Children keep an eye on the camera: 'Almost everyone lives at subsistence level. The occasional shiny, new Audi or Mercedes you see on the streets of Paramaribo, the capital, belongs either to a government minister or a narcotics dealer'

Ron Gilling/Photo Pictures

The constant struggle for survival

Adrian Gardiner visits the republic of Surinam, a former Dutch colony and an ethnic melting pot

"The climate, Sir, the climate will kill you."

His was the advice given to John Stedman, a Scots Guards lieutenant serving with the Dutch army. He went out to Surinam in 1773 to quash a slave revolt. His journal, delayed by arguments with the "Demon of Hell" (his publisher's editor), came out in 1790. An abridged version appeared 200 years later.

The colony, then known as Dutch Guiana, was evidently not for wimps. No one warned him about the hosts of creepy-crawlies which were the true denizens of that land. "Mosquitoes, mumps, typhus, and scurvy, lice, chiggers, cockroaches, common ants, fire ants, horseflies, wild bees and spiders, prickly heat, ringworm, dry gripes, putrid fevers, boils, consas (a mycosis), bloody flux (dysentery), alligators, snakes and jaguars... but I have said nothing yet of bush worms, large ants, locusts, centipedes, scorpions... the cras-

sy-crassy (scabies), yaws (cutaneous leishmaniasis), lethargy, leprosy and dropsy... besides 1,000 other grievances."

Three centuries of Dutch rule ended in 1975 when the country became a republic. Today most of Surinam's 500,000 population live along the coastal strip in an ethnic melting pot of Indian Hindus, Javanese, Chinese, descendants of Dutch planters, Guyanese and Portuguese Jews from Brazil.

For the Surinamer in the strait, the price of independence has been high. A corrupt military dictatorship ruled in the 1980s and the Netherlands suspended foreign aid. A fall in world bauxite prices - aluminium products constitute 70 per cent of export earnings - plunged the country further into economic chaos.

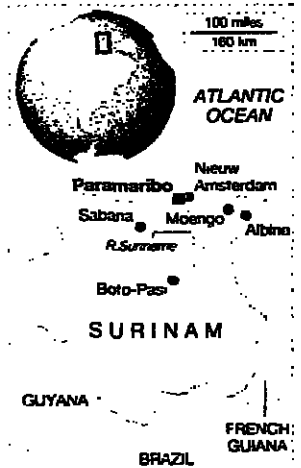
Inflation runs higher than the official 50 per cent. A few years back the Surinam guilder was pegged at 1.78 to the dollar. Now, on the black market, a US dollar buys from 600 to 800. People leave worthless change behind on shop counters. Stamps are

no longer printed. You get your letters franked at the main post office, where the rate changes daily. Almost everyone lives at subsistence level. The occasional shiny, new Audi or Mercedes you see on the streets of Paramaribo, the capital, belongs either to a government minister or a narcotics dealer.

Not the ideal place for a holiday? Surinam has its charms. Stedman found a strange enchantment there, and was sorry to leave. His river expeditions were botanically and zoologically fascinating. What annoyed him most was the contrast between planter opulence and slave misery.

Paramaribo, or "Parbo", is a third-world shanty town of gold and silversmiths' shops, roti stalls, slums, and a handful of beautiful 18th century Dutch colonial buildings. Many are of white-painted wood on foundations of brick brought as ballast on cargo ships.

On Cravenstraat, the cathedral - said to be the tallest wooden building in South America - is closed for repair. It is scheduled to



reopen...mañana. Opposite, the Bishops' Mansion gleams, and on Independence Square the presidential palace and ministry of finance are pristine. So is the Corner House, the headquarters of the Alcoa (Aluminium) Company. But churches are the capital's architectural treasures. There are around 30, including a glittering mosque next to the synagogue. The waterfront is the busi-

est area of Parbo. A thousand stalls sell exotic fruits and vegetables: passion fruit, pineapples, *sopropo* (like cucumber) and *kaylan* (Chinese leaves). The fish section has *kandratiki*, a popular salt-water fish, and piranha the size of flounders, muddy brown with mouthfuls of vicious teeth. (They didn't stop Stedman from swimming in the rivers; he claimed it was safe so long as you kept moving.) There are human piranha around the market too. A white skin is conspicuous and it is most unwise to wear jewellery or an expensive watch.

Of interest to European visitors are the Bushnegro villages, an hour inland from the capital along roads brick-coloured with bauxite dust. Tiny, black children, mesmerised by their first sight of a white skin, have eyes like satellite dishes. Houses are windowless, built of wood with a thatch of palm leaves and a fireplace under a canopy.

Old rites and customs survive. Female circumcision is no longer practised; a symbolic operation is carried out

on a peanut instead. Puberty is also marked by placing a cloth full of jungle bees (the size of hornets) on the unfortunate girl's back. She is not allowed to show distress; perhaps the logic is to prepare her for the pain of childbirth. Other macabre practices recall Stedman's tales of torture and brutality.

Surinam promotes "green" tourism. There are organised excursions by small aircraft to Palumeu, an eco-village run by Amerindians in the rainforest; canoe trips on the Mabura rapids; and treks up Mt Kasikasima on the Brazilian border.

I took a canoe (*kroejara* in Surinam, the *lingua franca*, *kajjal* in Dutch, the official language) across the mile-wide Surinam river to Nieuw Amsterdam. The fort and prison were well-established by Stedman's day. The prison was still in use 15 years ago and traces of the inmates' graffiti - "Elvis is King" in Surinam, for example - are oddly moving.

Outside, rusting cannon lie under mango trees, a rusting lightship lies in a

mangrove swamp, and the royal state funeral carriages are feeding the termites. Adding to the desolation are the remains of a group of statues, looted and vandalised by guerrillas in the 1980s.

I wandered the streets wondering if life in Surinam has changed much since Stedman's time. Crassy-crassy and yaws may have been eradicated, but the country has other problems.

Hardly a week passes without some civil disturbance: pickets outside schools, blocked roads or bridges. "The government dares not send in the army," I was told. "In case they provoke full-scale civil war. Meanwhile the people starve while government ministers live in big houses and send their children to private schools in Holland."

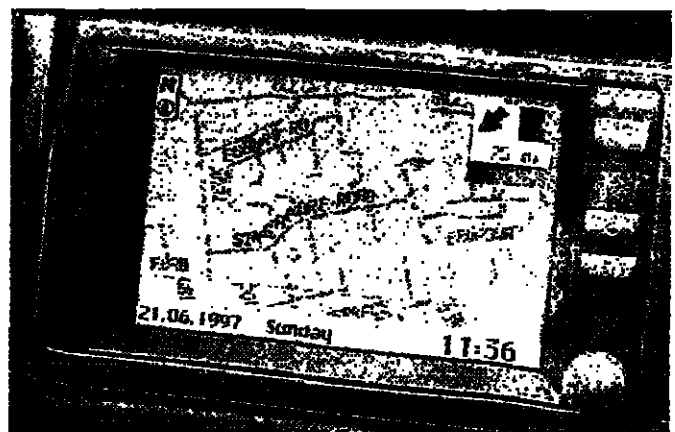
On the streets of Paramaribo, a city with even more brothels than churches, you can buy marijuana cigarettes laced with cocaine. Unable to feed its own population, the Surinamese authorities have few resources to deal with drug

traffickers. As their enforcers turn their attention to conventional routes out of Colombia, so no routes must be found. Surinam, linked historically with the Netherlands, is a obvious gateway to Europe.

Today, the tour in Surinam will be an inept one. Yet I felt a momentary sense of awe. Taking a banana boat home, I thought (Stedman sailing home in his troopship, "Motionless and speechless did I look over the ship's stern heaving sigh after sigh, if the land had quite disappeared out of my languid sight."

Information

■ There are regular flights with KLM from Amsterdam to Surinam. Adrian Gardiner travelled there on a Pyllesanero boat, organised by Cargo Ship Voyages, 6 Stanley Hall Road, Hove, Woodbridge, Suffolk IP12 4QF, a 37-day trip from Portsmouth via Harland.

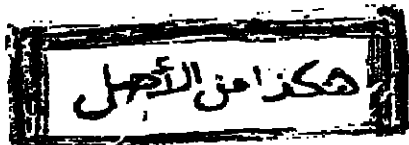


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TRAVEL

A test of endurance

James Henderson reaches his physical limit in one of the world's toughest races

It was a marmot that set me thinking. He was dozing on a boulder, luxuriating in the August sun on a steep rubble slide in the coastal mountains of British Columbia, Canada, rolling over, alternately warming back and belly. A leisurely life. For him at least. Struggling up towards him, we had been going for three days with just a couple of hours' sleep a night, humping huge rucksacks over glaciers and up and down mountains. We were in a race and our team was pushing on steadily to the next checkpoint. As we passed him, the marmot eyed me with detached curiosity. I could barely imagine two more different states of mind.

The competition was the Eco-Challenge, which is variously called an adventure sports race and an expedition competition. In the range of loopy sporting events that I have seen -

and taken part in - this has to be the most extreme. And, oddly enough, one of the most compelling.

Eco-Challenge 1996 was a week of horse-riding and running, hiking through mountains and on glaciers, canoeing, mountain-biking, more glaciers, this time with climbing on ropes, white-water rafting and finally mountain-biking again. There were 70 teams of five men and women who would be racing over a course about 300 miles long, set in magnificent, remote terrain.

We started at dawn, in a valley beneath 6,000 and 7,000ft peaks. One hundred and fifty horses and more than 200 runners set off together in a torrent, crystallising into their teams as they rode and ran 28 miles to the first checkpoint. After a river crossing, which involved hurling ourselves into a gurgling, grey glacier outflow, we changed our equipment and headed up into the mountains for a

three-day slog. Twice, either side of the first glacier, we slept for two or three hours, in forest so thick that we could go no farther.

On the third morning we crossed a river by Tyrolean traverse (ropes slung between trees), checked the map and looked up... a 4,000ft climb.

Growing, we made our way up, grasping at the thin undergrowth for purchase, leaving the tree line, up to the bare rocks and eventually reaching the snow line. At the top, as we crowned the ledge, we met a camera team, freshly flown in, filming our every sweaty and breathless move.

An event like this is a huge production - there were 500 runners and assistants and 320 event personnel - and would be impossible to stage without sponsorship. The total cost of Eco-Challenge 1996 was \$4.5m - the insurance bill

alone was \$70,000 - half of which was provided by the Discovery Channel, which screened the event.

Back on the mountain, it looked as though we would spend a third night in the forest, now without food, knowing that the checkpoint was just a few miles away. As we thrashed through the dry, lower branches of the pine trees, a silver light gradually became visible. Moonlight. A clearing. A logging track. Relief. A quick walk down the hill. Familiar voices. Coca-Cola. Tortilla chips. Clean socks. Food.

But no rest. Immediately we were briefed and sent off on a 50-mile canoeing section, along rivers and lakes. Again, the mountains towered thousands of feet above us, shifting their perspective gradually as we paddled and paddled the whole of the next day. Surrounded by such beauty, without another team in sight, it might have been easy to forget that we were in a race, to

give in and doze in the sun. But an urgency tickles constantly at the brainstem: on, on, on...

And it is after three or four days that races such as these really come into their own. They are not about aerobic fitness (marathon running), although that is important because the fitter you are, the stronger you are when bumping up against exhaustion. The key is endurance, and the mental attitude that comes with stamina. This is a sport where many of the best competitors are over 35.

After 16 hours' sitting, legs buckled as we heaved ourselves out of the canoes. But the blood was soon back in them. The next leg was mountain biking and it started with a 3,000ft climb and then climbed and fell for 50 miles along the wall of a great valley.



thinking and race experience are important at moments like this. You must know when to stop. Another team might go past while you doze, but they in turn will have a tough time and then you will pass them. Clever strategy can suddenly put you up the order.

We reached the change-over point late that afternoon, under the threat of a time cut-off. Ahead was at least three days of glaciers, white-water rafting and mountain-biking and not

enough time to complete it. It seemed a pity, but in 20th position we had been timed out of the race.

It is always interesting to see human beings at the limits of endeavour; here they were pushing themselves to the point of physical collapse. They (we) endured a lack of food, serious sleep deprivation, some physical danger, hallucinations, constant physical discomfort and often pain, and finally desperation - people do become irrational.

A good team, however, will train its individual competitive streaks into a single intent; members look after one another, oiling ragged relations with humour. For some, among the top competitors, it is refined into the will to win, but with teams spread out over a matter of days, only a handful can hope to come first.

Most find their reward, which is an immense feeling of satisfaction, in pushing themselves to their own limits. One Englishwoman, whose team eventually came seventh, degenerated so badly that she had an out-of-body experience and lost all understanding of where she was. A doctor pronounced her the most exhausted human being he had ever seen. Most of her mental and critical faculties were gone - what was left was distilled determination.

It would have been fun to know what the marmot thought, as he rolled over to warm his belly.

James Henderson will be taking part in this year's Eco-Challenge in Queensland, Australia, from August 12 to 28. Contact 9899 Santa Monica Boulevard, Suite 208, Beverly Hills, California 90212. Tel: 310-553-8855.

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SPORT

When boxing collides with literary flair, the results can be impressive.

Because it is such a clichéd activity – muscled protagonists with chopped pork for brains, golden-hearted trainers, affable agents, crime-connected promoters; a Hogarthian assembly of tarts, scamps and scoundrels – boxing is an easy sport to write about, in a hackneyed or prefabricated way.

Generally, with boxing, only very good writers – who may be novelists – seem able to avoid the cliché zone. These are the ones whose insights sting.

Jonathan Rendall, who is British, is such a writer. His book about boxing – *This Bloody Mary Is the Last Thing I Own* – was published the other day, and has an elegiac, almost *fin de siècle* edge to it that is appropriate for a sport that may (but may not) be imploding fearfully because of rampant short-termism: the greed of the promoters and TV executives.

Rendall was born in 1964 and dates the start of his obsession with boxing to 1972 when he was watching TV in a house in suburban London. There was a broadcast from Madison Square Garden featuring Ken Buchanan and Roberto Duran. Buchanan was brave. Duran was pitiless. They were fighting for Buchanan's world lightweight title.

Finally, Buchanan could take no more. He could be seen falling to his knees, holding up his tattered shorts with one hand. The commentator said Duran had hit him low. The fight was over. Duran had won.

"The screen showed Ken Buchanan. His face had changed. He was crying... I went to my room. I took off my tartan dressing gown. Every time I put it on again after that, I thought of Ken Buchanan's guardman's face and the black eyes of Duran. That was how I first got the monkey on my back."

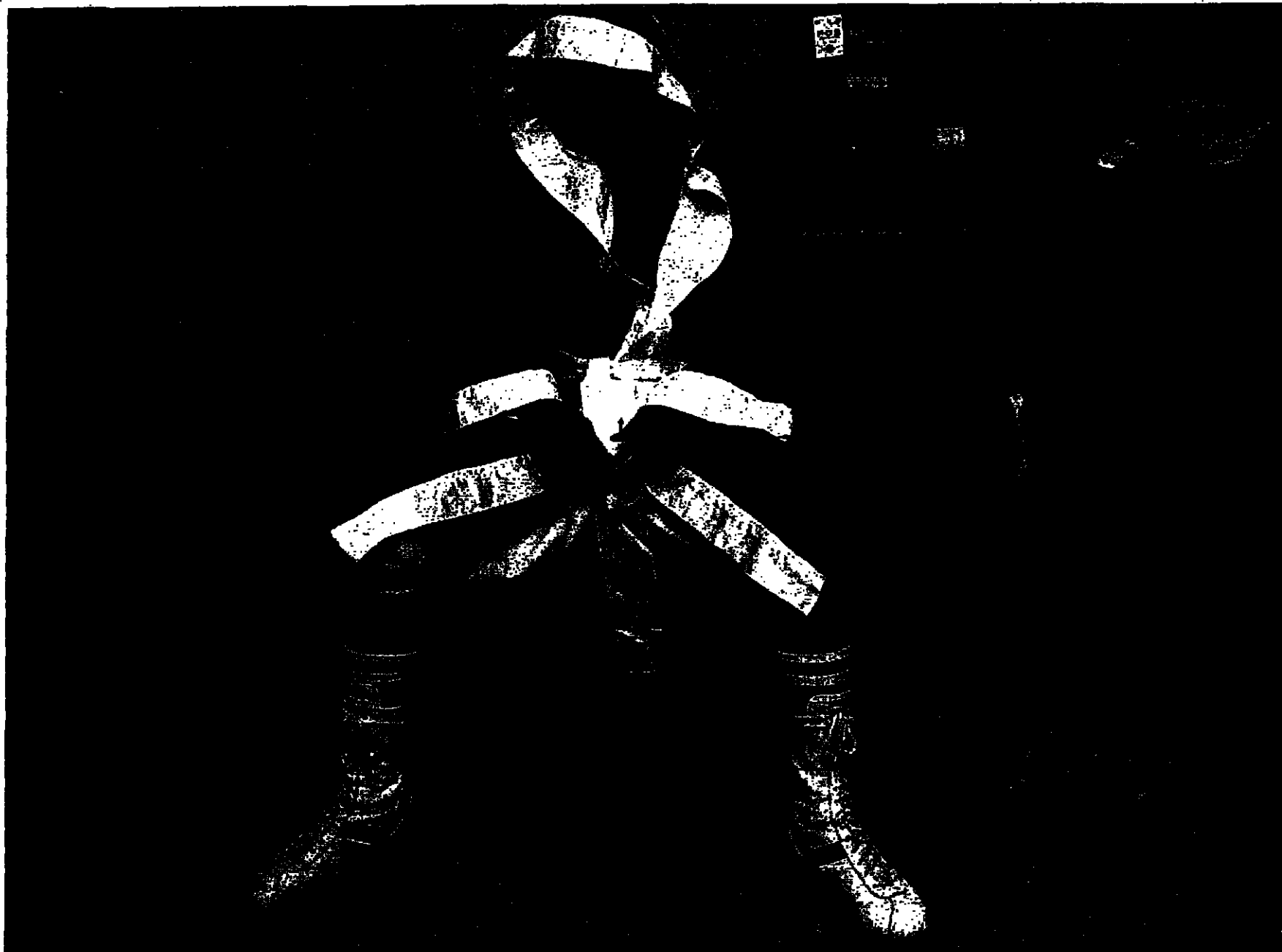
Rendall, who has the looks and physique (softening middle-weight) of a high-society huncor, studied at Magdalen College, Oxford University, where he boxed – not successfully – before becoming a newspaper sub-editor and sports writer, and then an investigative reporter. Then he wrote his boxing book. Now he is writing a novel.

Rendall's obsession with boxing took him beneath the sport's oily surface when he started to act as agent for Colin "Sweet C" McMillan, then a 25-year-old featherweight working for British Telecom whose dream was to become the next Sugar Ray Leonard. McMillan won the WBO world featherweight title, becoming the brightest star in British boxing.

But then McMillan lost his world title, in his first defence, in London in September 1992, to a rough Colombian veteran called Dario Ruben Palacios. Just before the Palacios fight, another fighter, Jimmy Mac, who had

A knock-out blow from a book with real punch

Michael Thompson-Noel discovers a boxing writer who artfully avoids the cliché zone



A sport down and almost out? No, says Jonathan Rendall. Apparent signs of its demise have nothing to do with boxing, but with its audience, its manipulators, owners, mythology...

fought and beaten Palacios, stopping him in seven rounds in a fight akin to warfare, visited the gym where the Colombian was training, to check what Palacios was doing and to report back to Rendall.

"He's training for a dirty fight," Jimmy Mac told Rendall. "You won't believe this. First he spars with this young kid and smacks him in the nuts. Bosh. Puts him over. Then he goes on the pads, right? I'm acting like I'm not really looking. So they don't get suspicious. Like, so he's on the pads. Except he's not hit-

ting the pads with his gloves, is he? He's hitting them with his elbows. On purpose. Jon, I mean, with his elbows."

Four days later at Olympia, Rendall writes in his book, the smashes from Palacios went in. Low blows, kidney punches, head-butts. Cuts and potential cuts sprouted on McMillan's leaking face. The referee had lost control of the fight. "Colin seemed to be imagining he was in another fight, as another fighter. He was taking extraordinary risks."

In the seventh, in a clinch, Palacios, whose neck was under

McMillan's left arm, suddenly wrenched himself upwards and free. A look of faint consternation came over McMillan's face. His arm seemed to have come loose from his shoulder. It was dangling uselessly. McMillan's corner threw in the towel – a cream-coloured towel, smudged with blood.

Last month, McMillan finally announced his retirement from boxing. In a few days there will be a joint party, half-funded by Rendall's publisher, to celebrate McMillan's retirement and Rendall's book. In 1993, Palacios

became the first world boxing champion to be stripped of his title after testing HIV-positive.

This Bloody Mary Is the Last Thing I Own is artfully written. Rendall's first inkling that he was no longer in love with boxing is described in a wonderful chapter called *The Ray Charles Punch*, a Ray Charles' punch being one that a boxer's opponent simply does not see.

Rendall was in Las Vegas. Things were not going well. As usual, he was booked into the Aladdin, which had seen far better days and was in receivership.

What was he doing in Las Vegas?

He went down to the lounge bar. And then Ray Charles walked in, climbed on to the tiny stage, and started to sing "Georgia On My Mind".

"He was smiling and swaying like a punch-drunk old boxer. He saluted the thin crowd of red-necks. Of course he couldn't see who they were... Charles was wearing an ancient, greasy dinner suit with yellow frills. When the number ended he was led back to a table by a woman in a skimpy, cheap dress. He slipped a shot of something from a glass

while the woman removed some dollar bills from his pocket to pay for it."

The effect of seeing Ray Charles like that set a cog turning in Rendall's brain. That was when it really started, he says, his realisation that he was out of love with boxing.

Four days later, back in the Aladdin's lounge, Rendall ordered a drink and said to the barman, by way of chit-chat, that it had been bad to see Ray Charles like that. The barman gestured towards a sign that stated: *Night of the Blues Impressionists*. "Sir," said the barman, "you didn't think that was the real Ray Charles, did you?"

Even though I met Rendall the day his book came out – briefly, for a drink – it is hard to know whether he thinks boxing is imploding swiftly, or slowly. He talks about the "ridiculous" proliferation of boxing titles – WBC, WBA, IBF, WBO, IBC, ISB, WBU, WBF – which are all about money and are stretching the sport's credibility to breaking point. And he describes boxing's marginalisation: newspapers getting rid of their boxing writers, "boxing as subscription-channel entertainment, like porn, like wrestling".

There is plenty of evidence that boxing is dying, he says – numerous indications that greed will "drive its philistine cultivators to such alien strains that suddenly, one season, they would find that no one wanted [their] crops except cranks".

But in his book, Rendall says he came to see this evidence as irrelevant, for the signs that the sport was dying "had nothing to do with boxing, but with its audience, its manipulators, owners, its mythology and interpretation, its perceived importance, social acceptability".

"This was the superstructure above boxing, not boxing itself. Boxing itself crouched and sweated beneath the superstructure, unchanging, the fighters shuffling and bleeding as they always had done... with their dreams and ruses, railing against the superstructure, but at the same time putting their palms up towards it, hoping for a splash... just a splash that could make them rich."

When I met Rendall, I asked him whether boxing was doomed to extinction any day soon. The gist of his answer was "No" (I think) though it was hard to be sure, for his conversation can be as subtle and as elusive as his writing.

At least there is no mystery about the book's title. Rendall was in Las Vegas again, at the end of his last trip as a boxing writer, in the autumn of 1986. He was in Binyon's Horseshoe. When he sat down at the bar, a man opposite said: "You bloody you've got problems? This bloody Mary is the last thing I own."

This Bloody Mary Is the Last Thing I Own: A Journey to the End of Boxing, Jonathan Rendall, Faber and Faber, £14.99, \$24.95, C\$32.99.

Around Hockworthy, on the high uplands of the Devon/Somerset border, the lanes are so narrow that a horse-box touches both hedgerows. Hand-written yellow signs saying "Races" point the way at each remote crossroads.

All morning, cars, Land Rovers and even the outside broadcast vehicles for the SIS racing channel have been converging on Ken Nicholas' farm.

The first race, for riders related to their horse's owner, has a challenge cup. Pardini, a nine-year-old bay gelding, is piloted by Vivienne Nicholas, Ken's daughter. Many of the crowd enjoying the warm spring sunshine are neighbours or friends.

This is point-to-pointing, the fastest-growing of British racing's three sectors – National Hunt and flat racing are actually shrinking. Yet, despite its popularity with punters, spectators and just families having a day out in the unspoiled countryside, this could be the last point-to-point at Stallage Thorne.

The sport is an offshoot of hunting, with all its organisation and voluntary labour rooted in the local hunt. If fox-hunting becomes a political casualty of a new government in the UK – with a less tolerant attitude to the pursuit – point-to-points will have little

prospect of survival.

"This whole spectacle will just slip away if hunting goes," says John Forde, a point-to-point regular. "Farmers aren't going to lend their land, with all the inconvenience and cost, if the cause they are doing it

'It's a bigger business now than National Hunt in terms of turnover'

for disappears. Nor would you find the volunteer labour you need." Tony Nash, one of the joint masters of the Tiverton Foxhounds (and a former Olympic bobsleigh gold-medallist), and his team of helpers have been cutting birch brushwood for the 18 jumps on the 1½-mile circuit since before Christmas. Several days a week of unpaid labour have gone into building the fences.

"For our hunt this is the

biggest fundraising day of the year. It will probably produce around £5,000 or so and that's a very significant part of our annual revenue," said Nash, who runs a local timber business. "But if this hugely popular event wasn't organised by the hunt I don't believe it could happen."

In the natural grandstand formed by the hill above the finish line there are probably 1,000 people in the crowd by early afternoon. Tweed jackets and moleskin trousers mix happily with lurid acrylic cardigans.

I spot one or two youngsters from the local high school, blazers hidden in Dad's car. This is a genuine community event. Horses are often owned by a syndicate of friends, paying no more than a couple of thousand pounds. The jockeys are amateur and very often female.

"People say that some form of club racing will emerge if this all finishes," said Joanne Cummings, 28, muddy-faced and splendid in her black and red silks. "I doubt it myself, and if it did happen it would be too



Under threat: a genuine community event, horses in point-to-point are often owned by a syndicate of friends

expensive because you wouldn't have the scores of volunteers you have at meetings like this."

For a few, point-to-points are a livelihood. "If hunting goes so will point-to-point and that's going to have a

massive effect on my income. It would probably put me out of business," said Exeter-based bookie Frank Houghton.

With his satchel, step-ladder and blackboard advertising odds it would be impos-

ible to imagine a more traditional figure from the turf. Yet Houghton has increasingly looked to the populist world of "pointing" to make his living.

"For me it's a bigger business now than National

Hunt in terms of turnover and you keep a better percentage," he said. "I've been coming to these meetings since I was 12. Apart from the business, it's a day out. Pure pleasure."

As the point-to-point fix-

ture list has swollen to well over 200 meetings in the January-to-May season, Houghton manages to attend about three a week in the south-west. The number of fixtures is around 15 per cent up on the 1995 figure. Last season saw 13,451 runners, a similar percentage increase.

For comparison, National Hunt officials have recently voted to hold fewer steeplechase races since fields were becoming so thin – aside from the landmark events such as Cheltenham.

"The review group said that point-to-point could be viewed as taking runners away from 'jump' racing under Rules," said Jockey Club official Simon Cluse. "Horses in training have declined around 15 per cent over the past four years. Jump racing is not in great shape."

According to Jeanette Dawson, secretary of the Point-to-Point Owners & Riders Association, attendance at their events has never been better.

"The Vale of Aylesbury had 10,000 people on Easter Monday," she said. "There's an awful lot of racecourses would give anything to see those sorts of numbers."

"No one inside point-to-pointing wants to discuss what will happen if hunting ends. It's a defeatist perspective and the people in this sport are not prepared to give up."

The road to Wembley. Based on technology more often found in military aircraft, BMW's in-car satellite navigation system can locate your vehicle to within 10 metres. That established, it reduces journey times and fuel consumption by planning the shortest route. Whatever your goal.

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT

Concertgebouw Tel: 31-20-6718345
● Koninklijk Concertgebouworkest: with conductor Georg Solti in works by Schumann and Bartók; May 9

EXHIBITION

Rijksmuseum Tel: 31-20-6732121
● The Nude - Prints, drawings and photographs: nude figures have long appeared in scenes from the Bible and mythology. In this exhibition artists spanning five centuries give their individual interpretations of these figures: Adam and Eve, gods such as Mars and Venus, and many other heroes and saints; from May 10 to Aug 3

OPERA

Het Muziektheater Tel: 31-20-5518117
● Eugene Onegin: by Tchaikovsky. Conducted by Hartmut Haenchen and performed by the Nederlandse Opera. Soloists include Hebe Dijkstra, Elena Prokina and Hana Minutillo; May 7, 10

BASEL

EXHIBITION

Antikenmuseum Basel und Sammlung Ludwig Tel: 41-61-2712202
● Moments of Eternity - Egyptian Art in Swiss Private Collections: display includes gold-plated statuettes and mummy masks dating from 400BC; to Jul 13

BERLIN

CONCERT

Konzerthaus Berlin Tel: 49-30-203090
● Sinfonieorchester des Deutschen Mitteldeutschen Rundfunks: with conductor Fabio Luisi and tenor Sergei Larin in works by Verdi, Berio and Berlioz; May 9

EXHIBITION

Haus der Kulturen der Welt Tel: 49-30-397870
● Die anderen Modernen. Die Kunst Asiens, Afrikas und Latein-Amerikas am Ende des 20. Jahrhunderts: display of works by 30 contemporary artists from Africa, Asia and Latin America; from May 8 to Jul 27

OPERA

Deutsche Oper Tel: 49-30-3438401
● Herzog Bluebarts Burg: by Bartók. Conducted by Jiri Kout, performed by Deutsche Oper and the Wiener Staatsoper. Soloists include Richard Cowan, Doris Soffel, Ivan Sardi and Karan Armstrong. The programme also includes a performance of Erwartung by Schoenberg; May 6
Staatsoper Unter den Linden Tel: 49-30-20354438
● Der Freischütz: by Weber. Conducted by Zubin Mehta, performed by the Staatsoper Unter den Linden. Soloists include Roman Trekel, Carola Höhn and Dorothea Röschmann; May 8

BONN

EXHIBITION

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200
● Deutsche Fotografie: display of 300 works by 150 German photographers from the 19th and 20th centuries, covering different aspects of the medium including architecture, art, fashion, design, advertising and journalism; from May 8 to Aug 24

BRISBANE

EXHIBITION

Queensland Art Gallery Tel: 61-7-3840-7333
● Paris in the Late 19th Century: exhibition examining Parisian cultural, social and political life in the 1890s. On display are 250 paintings, sculptures, prints, posters, photographs, decorative arts and jewellery by some of the leading artists of the period including Monet, Renoir, Gauguin, Cézanne, Toulouse-Lautrec and Pissarro; to May 18

BRUSSELS

CONCERT

Palais des Beaux-Arts Tel: 32-2-5078200
● José van Dam: performance by the baritone, accompanied by the pianist Maciej Pikulski. The programme includes works by Brahms, Wolf, Duparc, Ibert and Poulenc; May 7

EXHIBITION

Musées royaux des Beaux-Arts de Belgique - Musée d'Art Ancien Tel: 32-2-5083211
● Paul Delvaux: thematically organised retrospective devoted to the work of the Belgian artist featuring approximately 120 paintings and 130 works on paper from international collections. Also on display are a number of letters, photographs, souvenirs and other documents, including 21 sketch books; to Jul 27

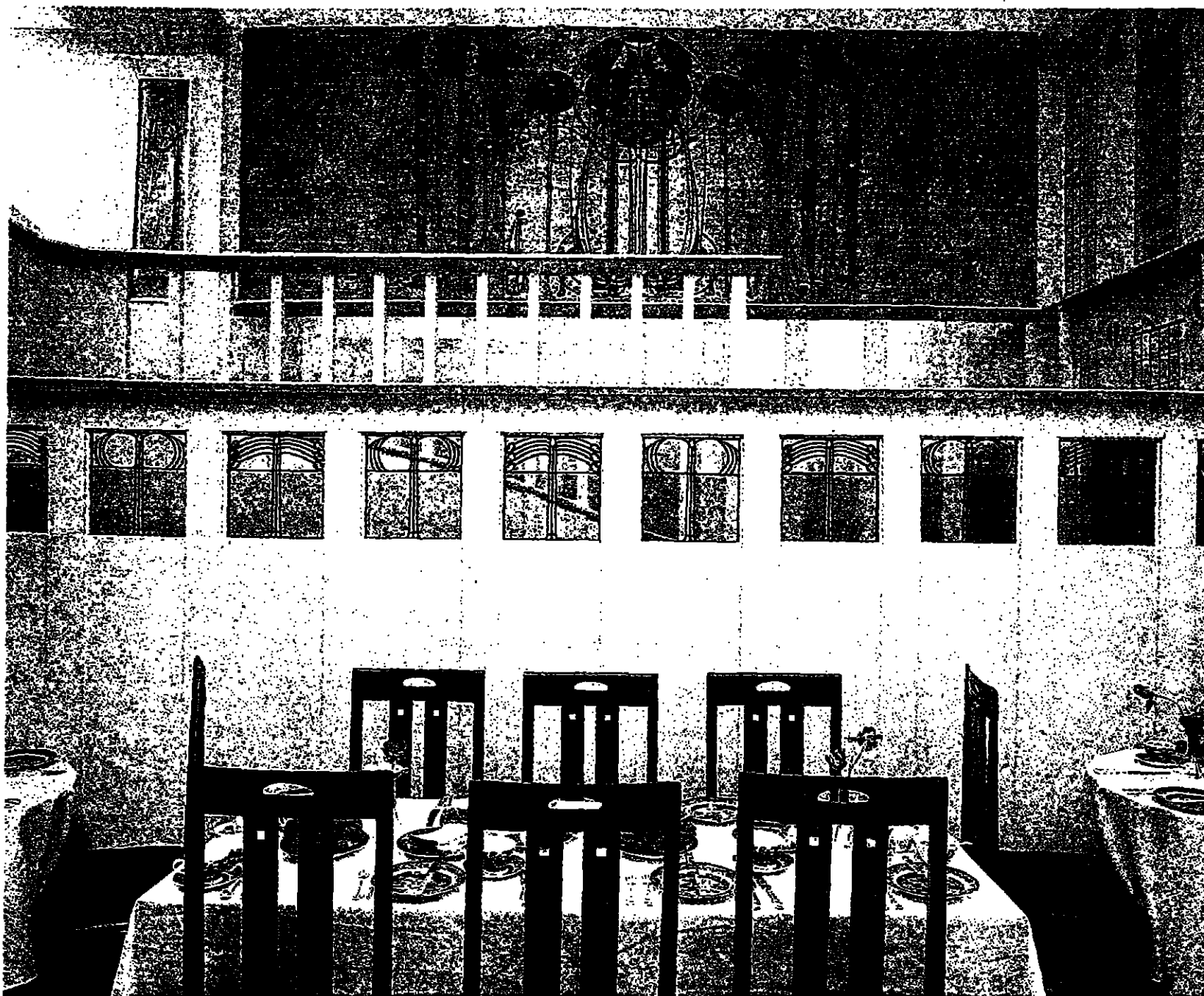
CANNES

FESTIVAL

Palais des Festival et des Congrès Tel: 33-9339 0101
● Festival International Du Film: presiding over the judges for this year's 50th festival will be French actress Isabelle Adjani. Highlights include Robert Besson's *The Fifth Element* as the opening film and new works by Wim Wenders, Michael Winterbottom and Clint Eastwood; from May 7 to May 18

CHICAGO

ART & ANTIQUE FAIR



'Reconstructed Ladies Luncheon Room', by Charles Rennie Mackintosh, part of an exhibition showing at the Art Institute of Chicago

Navy Pier Skyline Stage Tel: 1-312-8631828

● Art Chicago 1997: America's largest art fair features exhibitors from over 20 countries, representing 2000 artists, ranging from young, emerging talent to established masters; from May 10 to May 14

EXHIBITION

Art Institute of Chicago Tel: 1-312-4433600
● Charles Rennie Mackintosh: billed as the most comprehensive show of Mackintosh's work ever mounted, this exhibition features over 200 objects, including architectural drawings, room settings, furniture, decorative arts, models, watercolours and reconstructions of interiors; to Jun 22

COLOGNE

CONCERT

Kölner Philharmonie Tel: 49-221-2040820
● Krystian Zimerman: the pianist performs works by Schubert; May 9

COPENHAGEN

OPERA

Det Kongelige Teater - The Royal Theatre Tel: 45-33-696969
● Der Fliegende Holländer: by Wagner. Conducted by Dietrich Bernet, performed by the Royal Danish Opera. Soloists include Bent Norup, Stig F. Andersen and Michael Kristensen; May 5, 8

DETROIT

EXHIBITION

The Detroit Institute of Arts Tel: 1-313-8337963
● Images in Ivory: Precious Objects of the Gothic Age: exhibition featuring approximately 100 surviving examples of ivory carving. Offering a rare view of private life during the Gothic period, the display includes statuettes, mirrors, combs and boxes decorated with romantic and religious themes; to May 11

FRANKFURT

CONCERT

Alte Oper Tel: 49-69-1340400
● Radio-Sinfonie-Orchester Frankfurt: with conductor Marcello Viotti and trumpet players Wolfgang Bauer, Reinhold Friedrich, Markus Mester and Markus Stockhausen in works by Rossini, Lewis, Petras and Bizet; May 8, 9

EXHIBITION

Städtisches Kunstinstitut Tel: 49-69-605098-115
● Pablo Picasso - Suite Vollard: display selected from Picasso's Suite Vollard, a series of 100 works produced in the early 1930s; from May 7 to Jul 27

HAMBURG

CONCERT

Musikhalle Hamburg Tel: 49-40-346920
● NDR-Sinfonieorchester: with conductor Herbert Blomstedt and the NDR-Chor in works by Brahms and Dvorák; May 4, 5, 6

HELSINKI

EXHIBITION

Amos Anderson Art Museum Tel: 358-9-840221
● Börje Söderholm: photographic exhibition featuring Söderholm's portraits of women from the 1950s to the 1970s. The photographer specialises in fashion work, experimenting with double exposures and montage; to May 11

LEIPZIG

CONCERT

Gewandhaus zu Leipzig Tel: 49-341-12700
● Gewandhausorchester: with conductor Kurt Masur and pianist Elisabeth Leonskaja in works by Tchaikovsky; May 10

Gewandhausorchester: with conductor Kurt Masur and pianist Elisabeth Leonskaja in works by Tchaikovsky; May 10

● Oper Leipzig Tel: 49-341-1261261
● La Traviata: by Verdi. Conducted by Jiri Kout. Soloists include Yi Ping Li, Annelott Damm and Santiago Calderon; May 10

LONDON

CONCERT

Royal Festival Hall Tel: 44-171-9604242
● David Helfgott: the pianist performs works by Mendelssohn, Chopin, Liszt and Beethoven; May 5
Wigmore Hall Tel: 44-171-9352141
● Edith Mathis: performance by the soprano, accompanied by the pianist Graham Johnson. The programme includes works by Mendelssohn, Brahms and Schubert; May 9

MOSCOW

CONCERT

Tchaikovsky Conservatoire Tel: 7-095-2297589
● Russian National Orchestra: with conductor Mikhail Pletnev in works by Beethoven; May 4

MUNICH

EXHIBITION

Haus der Kunst Tel: 49-89-211270
● Frantisek Kupka and Otto Gutfreund: display of more than 200 works by the abstract artists from the 1920s and 30s, both inspired by musical rhythms; from May 8 to Jul 20
Neue Pinakothek Tel: 49-89-23805-195
● Manet bis Van Gogh: Hugo von Tschudi und der Kampf um die Moderne: exhibition saluting the leading role of von Tschudi in introducing French Impressionist art to Germany. Artists on display include Manet, Rodin, van Gogh, Matisse, Renoir, Gauguin and Monet; to May 11

NEW YORK

CONCERT

Avery Fisher Hall Tel: 1-212-875-5030
● New York Philharmonic: with conductor Franz Welser-Möst, cellist Truls Mork and tenor Brian Asawa in works by Kanchell, Tchaikovsky and Sibelius; May 8, 9, 10

PARIS

EXHIBITION

Brooklyn Museum Tel: 1-718-6385000
● Mistress of House, Mistress of Heaven: Women in Ancient Egypt: exhibition examining the role of women in ancient Egypt in court, family and temple. Approximately 200 objects will be on display, including 20 rarely seen pieces from the museum's permanent collection; to May 18
The Metropolitan Museum of Art Tel: 1-212-8795500
● Prints in the Age of Albrecht Dürer and Lucas van Leyden: exhibition presenting highlights from the museum's collection of German and Netherlandish prints from 1470 to 1550. It consists of about 110 engravings, etchings, woodcuts and illustrated books; from May 6 to Jul 13

SEVILLE

CONCERT

Teatro de la Maestranza Tel: 34-5-4223322
● Rundfunk Sinfonieorchester Berlin: with conductor Rafael Frühbeck de Burgos and pianist Alicia de Larrocha performs works by Albéniz, Ravel and Brahms; May 5

ST. IVES

EXHIBITION

Tate St Ives Tel: 44-1736 796543
● A Quality of Light: special display of works by six artists on the theme of light. Bridget Riley, James Hugonin, Martina Kramer, Victor Grippo, Roger Ackling and Carol Robertson will also be making related works at other venues in St Ives and Cornwall as part of a local project involving over 50 artists based in the area; from May 10 to Nov 2

STOCKHOLM

DANCE

Dansens Hus Tel: 46-8-8769600
● Cullberg Ballet: programme includes Over bord, choreographed by Turström to music by Bach, Brahms and Schubert, and Hon var Svart choreographed by Ek, to music by Górecki; May 5, 6, 7

STUTTGART

EXHIBITION

Staatgalerie Stuttgart Tel: 49-711-2124050
● Magie der Zahl - Zahlenspiel und Arithmetik in der Kunst des 20. Jahrhunderts: exhibition focusing on the use of numbers, arithmetic and statistics in 20th century art. Artists represented include Johns, Warhol, Twombly, Kounellis, Merz, Braque, Dali, Duchamp, Lissitzky, Malevich, Magritte, Miró, Moholy-Nagy, Schwitters, Severini and Tanguy; to May 19

SYDNEY

EXHIBITION

Art Gallery of New South Wales Tel: 61-2-2251700
● Giorgio Morandi: the first exhibition of Morandi's work to be held in Australia, featuring 31 paintings and 60 etchings. The Italian painter specialised in still lifes made up of common objects such as bottles, lamps and cans, working with subtle combinations of colour that produced an overall feel of serenity; from May 9 to Jul 13

VIENNA

CONCERT

Musikverein Tel: 43-1-5058881
● Andreas Schiff: the pianist performs works by Schubert; May 5
● Wiener Philharmoniker: with conductor Riccardo Muti, soprano Ruth Ziesak, alto Vesselina Kasarova, tenors Michael Schade and Herbert Lippert and bass Roland Schubert in works by Haydn and Schubert; May 10

WASHINGTON

EXHIBITION

National Gallery of Art Tel: 1-202-7374215
● Picasso: The Early Years, 1892-1906: exhibition revealing Picasso's achievements prior to the advent of Cubism. Beginning with Picasso's formative years, this selection of approximately 125 objects traces the artist's close contact with Catalan modernism in turn-of-the-century Barcelona and his subsequent emergence in Paris. With a close examination of Picasso's Blue and Rose periods, the exhibition culminates with his monumental figure pictures of 1906, which were influenced by ancient Iberian sculpture. In addition to paintings, drawings and pastels, the display includes sculptures, prints and smaller works such as the artist's caricatures; to Jul 27
Arthur M. Sackler Gallery Tel: 1-202-3572700
● Art of the Persian Courts: exhibition featuring over 100 paintings, manuscripts, drawings, and works of calligraphy which aims to highlight the influence of Persian culture across the Islamic world, from 14th to 19th centuries; ends tomorrow

ZURICH

OPERA

Opernhaus Zürich Tel: 41-1-268 6666
● Le Villi: by Puccini. Conducted by Bruno Bartoletti. Soloists include Mara Zampieri, Gösta Winbergh and José Carreras. The programme also includes a performance of Pagliacci by Leoncavallo; May 4

featuring 30 paintings on loan from the Centraal Museum, Utrecht. The works date from the 16th and 17th centuries and include "Madonna With the Wild Roses" by Jan van Scorel; to May 11

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Weekend Investor

Wall Street

Right back to rational fundamentals

John Authers finds the Dow more prone to swings and lurches than UK voters

Here is a far-fetched proposition: Wall Street's behaviour over the last two months has been wholly rational, and can be explained by reference to the fundamentals.

At first sight, this seems absurd. The Dow Jones Industrial Average has of late been more prone to swings and lurches than the UK electorate. On March 11, it set a new all-time high, of 7085.16. This was already a gain of 9.37 per cent for the year, putting it on course to grow by about 50 per cent for the year.

Then came the fall. By April 11 it had thudded as far down as 6391.59, after a particularly calamitous daily fall of 148.36. By now it was below its level of the beginning of January.

At last, it seemed, the great bull market of the 1990s was at an end. The Dow was 9.5 per cent below its high, and at one point during the next trading day it was 10 per cent off its peak, the level officially required for the fall in prices to be labelled a "correction".

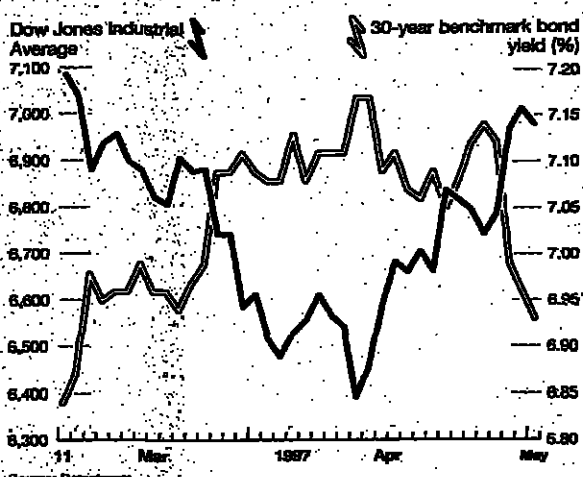
Since that nadir three short weeks ago, the Dow has gained 9.8 per cent, reaching a peak of 7085.59 on Wednesday this week, and hovering around the 7000 level since then. All this has been achieved with exceptional volatility, the market swinging by 100 points in a day eight times.

Plainly technical factors increased the volatility. But it is surprisingly easy to construct a defence for the market's behaviour. It starts with monetary policy. The market reacted sensibly to the Fed's 25 basis-point increase in interest rates in March - an event which, other things being equal, should lower share prices.

Alan Greenspan had telegraphed his intentions, but it was only in the last two weeks before he acted that a rise in rates was factored into prices. Prices continued to fall as dealers wrote a further 25 basis-point rise into prices.

Next, the bond market. Bonds had been looking cheap, and signalling a shift out of equities, since December. On March 27, as the tumble in stock prices gathered momentum, the yield on the 30-year Treasury

Just a little dip?



bond passed the 7 per cent level, offering a very tempting alternative to equities.

That yield came back through the 7 per cent barrier earlier this week. This was not surprising, as they were plainly a tempting buying opportunity. According to Ben Hock, director of equity research at John Hancock in Boston: "If inflation is close to 3 per cent and the bond is offering 7 per cent, that's a 4 per cent real return. That's extremely good."

With bond yields coming down, pressure was removed from equities. Bonds were helped by politics. Both bonds and equities were already assuming some very good political news, from Wall Street's point of view. For example, the Nasdaq composite, weighted towards small companies and technology stocks, remains 7.5 per cent below its high, although it has shared in the recovery.

A wider look at the market shows that the recovery has covered a very narrow range of market rationality. It is that concentration on the Dow, a limited measure covering only 30 stocks, gives a distorted view of the swings of the last two months.

Latest research from Gail Dudack, chief strategist at UBS Securities makes the point clearly, saying the rebound "has shown concern on the part of investors as they shift from smaller cap (riskier) equities to larger cap (safer) stocks". She adds: "Even among the large capitalisation stocks, only a select few are carrying the indices higher."

dentally was when stock prices began their rally.

Not only were first-quarter corporate profits strong by any yardstick, up about 13 per cent from the first quarter of 1996 across the S&P 500. They are also, crucially, ahead of expectations. Surveys suggest that almost 80 per cent of companies reported results better than analysts had predicted. Stock prices rose on the new information.

A footnote to this display of market rationality is that concentration on the Dow, a limited measure covering only 30 stocks, gives a distorted view of the swings of the last two months.

A wider look at the market shows that the recovery has covered a very narrow range of market rationality. It is that concentration on the Dow, a limited measure covering only 30 stocks, gives a distorted view of the swings of the last two months.

Latest research from Gail Dudack, chief strategist at UBS Securities makes the point clearly, saying the rebound "has shown concern on the part of investors as they shift from smaller cap (riskier) equities to larger cap (safer) stocks". She adds: "Even among the large capitalisation stocks, only a select few are carrying the indices higher."

Most important, however, are corporate earnings. The US system of quarterly reporting means that traders can act on much more current information than their counterparts in the UK. The results for the first quarter started to cross analysts' desks in the second week of April, which far from coinciding

Now for Tony's first true test

And that, says Philip Coggan, is interest rates

Electors are all very well but, sometimes, it becomes very clear that the market's real interest lies elsewhere. There were some modest moves in UK financial markets yesterday as investors contemplated the end of 18 years of Conservative rule. But what got shares really moving was the latest economic data from the US, with the non-farm payroll statistics calming fears of an imminent rise in interest rates.

The FTSE 100 index jumped to a 20-point gain within minutes of the announcement, and managed an all-time intra-day high of 4,468.4. But that should not necessarily be taken as a ringing endorsement of Tony Blair.

During Thursday night, there was some sign that the size of Labour's majority could alarm the market on the ground that its sheer

scale might make the Blair government act in a more radical manner. Utilities also came in for some selling pressure, with investors worried that Labour might try to extract more from the windfall tax than previously indicated - perhaps £7bn, rather than £3bn-£5bn.

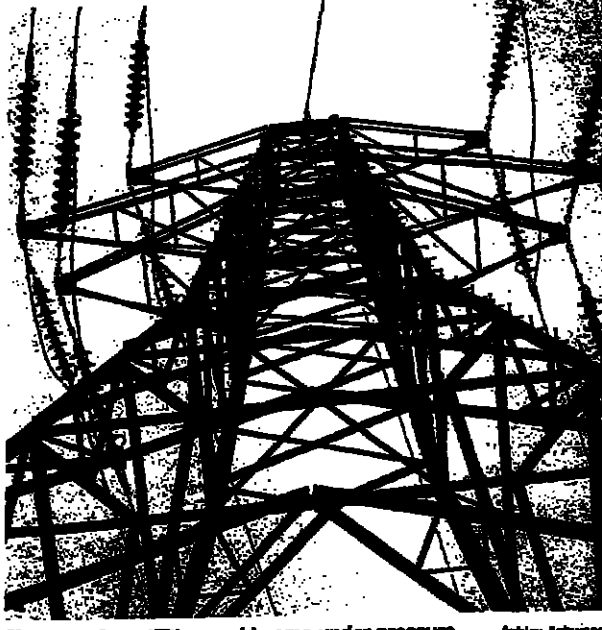
As trading got under way in the morning, however, a calmer view emerged. Since a Labour victory had been expected widely, the result, if not the scale, cannot have surprised investors. The Labour leadership seems to have done a good job in reassuring the City that the party's policies on macro-economic issues, particularly inflation, would be similar to those of the Tories.

The first test will come with the next monthly policy meeting between the new chancellor and Eddie George, governor of the Bank of England, scheduled on Wednesday. Labour has indicated that it is not keen

to continue the "Ken and Eddie show" - as it became known when outgoing chancellor Kenneth Clarke was a participant - and would like to change the system. But since it is unlikely to overhaul the arrangements so quickly, it faces the dilemma of whether to follow the governor's likely advice and raise rates.

There are strong arguments in favour. Labour will want to establish its anti-inflationary credentials with the markets right away. The more quickly it acts, the less rates may have to rise in the long run.

In terms of the electorate, it makes sense to get the bad news out of the way early. A quarter-point rise, or even a half-point, would appear decisive. On the other hand, Labour might feel that because the strength of the pound is hurting industry, a rate rise would add to the burden on the corporate sector and reinforce sterling's



Shock tactics: utilities could come under pressure. Philip Coggan

strength.

Many economists feel the right policy mix would be to increase taxes, which would affect consumers directly and keep interest rate unchanged. But Labour is restricted in this area by its campaign promises although its large majority may give it more freedom of action.

When Labour's mini-Budget is unveiled, probably late next month or mid-July, the windfall tax will be a centerpiece. Shares in utilities obviously have fallen in advance of the election, but the scale of the tax and the identities of the companies affected may yet cause some surprises.

Then, too, longer term issues could emerge gradually. The minimum wage is not expected to be enacted for a couple of years or so. And the much-discussed EU social chapter with its two provisions - paternity leave and works councils - is unlikely to have a big impact on profits.

Philip Isherwood, UK strategist at Dresdner Kleinwort Benson, says the market might yet come to focus on corporate tax reform. "Labour will be looking to do something more imaginative than robbing Peter to pay Paul. It wants to promote investment, and that might mean that tax credit on dividends will be phased out and measures introduced to neutralise the tax treatment of equity and debt." (Debt interest is tax-deductible under the present system.)

Abolishing tax credit on dividends would cause a

cash flow problem for investors such as pension funds, he says.

It would also make shares at the margin less attractive, especially as minimum solvency requirements under the Pensions Act may be pushing investors towards holding a greater proportion of gilts. "Fund managers will increasingly have to justify why they hold shares instead of bonds," Isherwood believes.

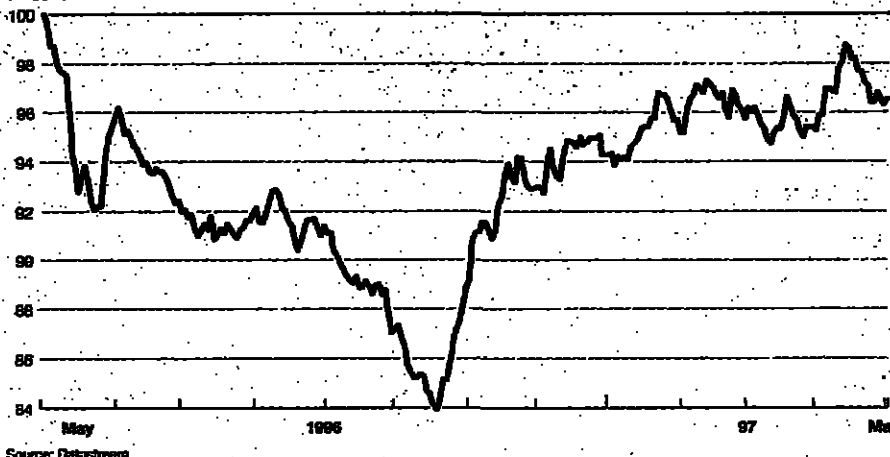
The market obviously will take its time to assess the Labour government and, until the mini-Budget, the vicissitudes of Wall Street probably will continue to be the most important influence on share prices. After all, the ability of the international capital markets to affect an economy probably is stronger than that of any government, as shown with Britain's humiliating exit from the exchange rate mechanism in 1992.

Incidentally, investors may wonder if the laws of supply and demand, which rule the capital markets, will now apply to politics. There was a record number of candidates for parliament this time, but the lowest turnout since the second world war.

In short, supply overwhelmed demand and the price ought to fall. So, if market economics really is functioning, there should be no talk of a rise in MPs' pay for a while, perhaps, indeed, it should be cut. Somehow, though, that is one free market doctrine that new Labour might well ignore.

The fall before the windfall

FTSE Utilities Index relative to the FTSE All-Share Index



Highlights of the week

	Price	Change	52 week	52 week	
	£/share	on week	High	Low	
FTSE 100 Index	4455.6	+85.9	4455.6	3612.6	Decisive election outcome
APV	94	+29	96 1/2	59	Two bid approaches
BICC	217 1/2	-35 1/2	336 1/2	217 1/2	Profits warning
Boosey & Hawkes	870	+72 1/2	905	478	Awaiting stake sale news
Britton Estate	190 1/4	+20	218	164	Disposal hints
General Accident	902 1/2	+64 1/2	906	614	Demutualisation factor
Kingfisher	684	+27 1/2	706	540	Firm retailers
Legal & General	429	+36 1/2	438 1/2	264 1/2	Norwich Union float buying
Reuters	679	+56	807	573 1/2	New York presentation
Slough Estates	316 1/2	+27 1/2	318 1/2	212	Properties in vogue
SmithKline Beecham	995 1/2	+55	1009	645 1/2	US buying
TI Group	544 1/2	+18	594 1/2	456	Credit Lyonnais Laing recommendation
Vickers	216	+9	300 1/2	199 1/2	Bounce from oversold
Wickes	179	+20	792 1/2	132 1/2	Improved like-for-like sales

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Barry Riley

The Blair necessities

Labour must get a quick grip on the economy



Do turkeys vote for Christmas, after all? The London stock market has rallied strongly in the few weeks ahead of an inevitable Labour triumph. True, Wall Street has moved up much more vigorously (by 8 per cent in three weeks) so perhaps British investors fear damage nevertheless.

It will take mental somersaults to adjust to Britain under Labour rule. It is more than 50 years since the party gained power with a comparable majority. Then, the government restructured industry, the welfare system and much more besides. This time, it will reform only the constitution. Or could there be more?

The big picture is that, under the Conservatives, the UK moved towards the American model of business and the economy. That explains many of the problems that the Tories had in dealing with Europe. Under Labour, there will be a more natural drift towards the continental pattern.

True, the continental economies do not present an attractive model at present. They are under pressure to adopt a more competitive Anglo-American approach. Their labour markets are setting up as unemployment reaches 13 per cent in France, for example. The continentals must adapt. Still, Labour has promised to sign up for the social chapter and to introduce a minimum wage. Change is coming.

In the stock market, the high returns seen during the Tory era

are threatened. Over 10 years, UK equities have delivered annual total returns of 14 per cent on average, much higher than the 8.5 per cent on overseas equities. UK dividends have risen by more than 8 per cent a year over this period. But Labour does not believe in generous distributions: it thinks (without much evidence) that, if more profits were retained and invested, the nation's growth

rate would be higher. That is why the City of London has become so nervous about a restructuring of corporation tax in the Budget due soon.

Investors must be prepared to shift their focus in the equity market from dividends to earnings growth, if they have not done so already. Moreover, they must look to long-term expansion rather than re-engineering stories. We may note that M&G, a leading unit trust group, is planning to revamp its range of funds, partly because several of them have depended on a high income style no longer appropriate under Labour.

The gilt-edged market has also viewed the election campaign positively and we have, of course, seen sterling riding high. True, the pound fetches only \$1.82 compared with \$4 when Clement Attlee and his

chancellor, Hugh Dalton, took charge in 1945 with a parliamentary majority of 146. The markets hope that Labour will be better at macro-economics than the Tories. The latter focused on micro-economics; they deregulated and privatised and made the economy much more competitive. Their macro-economic achievements, however, were seriously

compromised by a fixation with keeping income taxes low and avoiding European commitments. As a result, the national debt has doubled within five years and the country (in spite of the broken tax promises which were largely responsible for the Tory disaster) is still undertaxed; moreover, interest rates (short term and long term) are higher than in almost any other advanced economy.

Labour's micro-economic policies look suspect but, at the macro level, its big Commons majority gives the Blair government a chance to get a grip. A tough early Budget can be blamed on the Conservatives for manipulating the "books". Certainly, outgoing chancellor Kenneth Clarke has bequeathed a big budget deficit and some fanciful spending projections: not quite a scorched earth policy, perhaps, but the grass is looking singed.

At any rate, increasing taxes is, just now, a better way of controlling the economy than raising interest rates: what a pity that such choices cannot be debated rationally during an election campaign. The risk is that shareholders, especially pension funds, will bear the burden, whereas it is consumer spending that needs to be damped down.

As for the single European currency, there is no practical entry option for the foreseeable future while the UK economy remains radically out of phase with the continental cycle. Perhaps EMU is threatened, anyway, by the election in France. But, whatever happens, we need a strategy for sterling that avoids damaging gyrations in the exchange rate. The Conservatives ended up paying a stiff interest rate risk premium and sacrificing the export sector.

But just imagine a British economy that has short term rates of 4 per cent and government bond yields of 6 per cent. This was the prize that the Tories threw away in the late 1980s and again in the mid-1990s. Of course, UK savers would be highly uncomfortable in such a climate. But then, Dalton got the consols yield down to 2.5 per cent. On the other hand, it reached 17 per cent under Denis Healey. With new chancellor Gordon Brown, no doubt, it will be somewhere in between.

We can only speculate about the policies of the Blair government. But, while the turkeys dither, some chickens are coming home to roost.

Offshore managed funds and UK managed funds are listed in Section One

هكذا من النجف

New issues

Powderject Pharmaceuticals is hoping to raise between £30m-£35m and be valued at more than £100m when it floats next month. The company has a patented device for painless injections developed by engineers at Oxford University. The adviser is Robert Fleming and Panmure Gordon is the stockbroker.

Continued

*Dividends are shown net pesos per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. †1st quarter. ‡2nd quarter. § 3rd quarter. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

THE UNIVERSITY OF CHICAGO

(Figures in parentheses are for the corresponding period.) *Dividends are shown net of tax. †Net asset value per share, except where otherwise indicated. ‡Loss. † Net asset value per share. ‡ Irish pounds and pence. ‡ 3-month figures. ‡ US dollars and cents. ‡ 5-month figures. ‡ 36-week figures. ‡ Comparatives for 36 weeks. ‡ 9-month figures. ‡ 14-week figures. ‡ 9-month figures.

Transactions in our companies April

Companies must notify the Stock Exchange when the value of the securities sold exceeds £10,000. Inform inside Track, Edinburgh, 0131-473 7070

Tadpole Technology is to n

Capital & Regional is to raise £20.5m via a placing and 3-5 open offer @ 215p.
MediaKey is to raise £4.1m via a placing & 7-24 open offer of 15.8m new shares @ 32p
Regal Hotel Group is to raise £34.8m net via a placing and open offer of 48.5m new shares @ 54p and 8.7m new preference shares @ 120p.
South Beach Cafe is to raise £1.8m via an offer of 30m new shares @ 6p.
Surrey Free Press is to raise £11m net via a placing and open offer of 2.76m shares @ 420p.

Year	Pre-1980	1980-1989	1990-1999	2000-2009	2010-2019	2020-2029	2030-2039	2040-2049	2050-2059	2060-2069	2070-2079	2080-2089	2090-2099	2100-2109	2110-2119	2120-2129	2130-2139	2140-2149	2150-2159	2160-2169	2170-2179	2180-2189	2190-2199	2200-2209	2210-2219	2220-2229	2230-2239	2240-2249	2250-2259	2260-2269	2270-2279	2280-2289	2290-2299	2300-2309	2310-2319	2320-2329	2330-2339	2340-2349	2350-2359	2360-2369	2370-2379	2380-2389	2390-2399	2400-2409	2410-2419	2420-2429	2430-2439	2440-2449	2450-2459	2460-2469	2470-2479	2480-2489	2490-2499	2500-2509	2510-2519	2520-2529	2530-2539	2540-2549	2550-2559	2560-2569	2570-2579	2580-2589	2590-2599	2600-2609	2610-2619	2620-2629	2630-2639	2640-2649	2650-2659	2660-2669	2670-2679	2680-2689	2690-2699	2700-2709	2710-2719	2720-2729	2730-2739	2740-2749	2750-2759	2760-2769	2770-2779	2780-2789	2790-2799	2800-2809	2810-2819	2820-2829	2830-2839	2840-2849	2850-2859	2860-2869	2870-2879	2880-2889	2890-2899	2900-2909	2910-2919	2920-2929	2930-2939	2940-2949	2950-2959	2960-2969	2970-2979	2980-2989	2990-2999	3000-3009	3010-3019	3020-3029	3030-3039	3040-3049	3050-3059	3060-3069	3070-3079	3080-3089	3090-3099	3100-3109	3110-3119	3120-3129	3130-3139	3140-3149	3150-3159	3160-3169	3170-3179	3180-3189	3190-3199	3200-3209	3210-3219	3220-3229	3230-3239	3240-3249	3250-3259	3260-3269	3270-3279	3280-3289	3290-3299	3300-3309	3310-3319	3320-3329	3330-3339	3340-3349	3350-3359	3360-3369	3370-3379	3380-3389	3390-3399	3400-3409	3410-3419	3420-3429	3430-3439	3440-3449	3450-3459	3460-3469	3470-3479	3480-3489	3490-3499	3500-3509	3510-3519	3520-3529	3530-3539	3540-3549	3550-3559	3560-3569	3570-3579	3580-3589	3590-3599	3600-3609	3610-3619	3620-3629	3630-3639	3640-3649	3650-3659	3660-3669	3670-3679	3680-3689	3690-3699	3700-3709	3710-3719	3720-3729	3730-3739	3740-3749	3750-3759	3760-3769	3770-3779	3780-3789	3790-3799	3800-3809	3810-3819	3820-3829	3830-3839	3840-3849	3850-3859	3860-3869	3870-3879	3880-3889	3890-3899	3900-3909	3910-3919	3920-3929	3930-3939	3940-3949	3950-3959	3960-3969	3970-3979	3980-3989	3990-3999	4000-4009	4010-4019	4020-4029	4030-4039	4040-4049	4050-4059	4060-4069	4070-4079	4080-4089	4090-4099	4100-4109	4110-4119	4120-4129	4130-4139	4140-4149	4150-4159	4160-4169	4170-4179	4180-4189	4190-4199	4200-4209	4210-4219	4220-4229	4230-4239	4240-4249	4250-4259	4260-4269	4270-4279	4280-4289	4290-4299	4300-4309	4310-4319	4320-4329	4330-4339	4340-4349	4350-4359	4360-4369	4370-4379	4380-4389	4390-4399	4400-4409	4410-4419	4420-4429	4430-4439	4440-4449	4450-4459	4460-4469	4470-4479	4480-4489	4490-4499	4500-4509	4510-4519	4520-4529	4530-4539	4540-4549	4550-4559	4560-4569	4570-4579	4580-4589	4590-4599	4600-4609	4610-4619	4620-4629	4630-4639	4640-4649	4650-4659	4660-4669	4670-4679	4680-4689
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bid for	per share	price	price	bid 2nd	bidder
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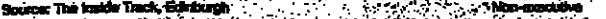
prices in pence unless otherwise indicated.
All cash offer. \$For capital not already held. † Unconditional. **Based on
inchoate prices 2/5/87. \$\$\$Shares and cash. ‡ Cash alternative. (P) Values
denoted in Irish currency.

Capital performance

These private investor indios, produced by FTSE-International, in conjunction with the Association of Private Client Investment Managers and Stockbrokers, are designed to give private investors a benchmark against which to measure the performance of their portfolios. The benchmark portfolio contains 45 per cent UK equities, 5 per cent international equities and 50 per cent bonds and cash. The Growth Portfolio contains 60 per cent UK equities, 30 per cent international equities, and 10 per cent bonds and cash. The Balanced portfolio contains 55 per cent UK equities, 20 per cent international equities and 25 per cent cash. Their returns are calculated using the All-Share index, the World Index (excluding the USA), and the Cash Index.

The timing of this transaction

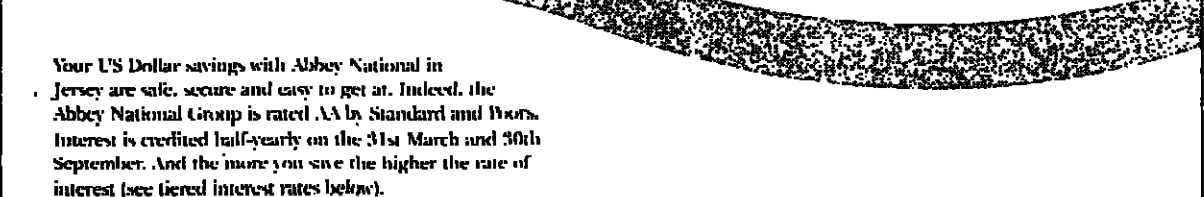
J.R. Chilton
225,000 at 168p



years. On this basis, May is

per cent decline in the four-week run-up to election day. This removed much of the

next serious decline will begin but history provides a useful guideline. Since accu-

[illegible]

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FT WEEKEND

True Fiction

My short-cut to being numero uno

Peter Whitehead's dream of writing a Eurovision song contest winner could come true tonight

There has been a spring in my step these past weeks. My mind has been tripping with bright and breezy tunes and I have turned heads more than once by singing - out loud - on trains and in the street.

It's because I sense that something sensational is about to happen. And it's all down to the Eurovision Song Contest. Since boyhood I have yearned to be part of this annual song-fest in which one of a clutch of jingles is voted, seemingly at random, without rhyme or reason, to be a winner.

With the chosen song being afforded celebrity status out of all proportion to its quality I have always seen this as my short-cut to pop superstardom.

To this end, I have spent 31 years writing, surefire Eurovision winners, with lots of "la-las" and "boom-bang-a-bangs". Some of my best were joint efforts with Ant, my old school mate. But Britain's entries during the 1970s were all sung by

big-name artists - Cliff Richard, The Shadows, The New Seekers, Co-Co - and we never had a look-in.

In 1985, the year in which the Norwegian girl duo, Bobbysocks, won with "Let it Swing" (my all-time Eurovision favourite), I went solo and wrote "Good People Can Make a World of Love". I again filled in the application form, sent off my tape (a friend accompanied my singing with a five-string guitar). But still I heard nothing.

By 1989, I had been working at the FT for a couple of years and this gave a more business-like edge to my contribution in an era of Big Bangs and roaring house price inflation. I thought I

would score heavily for topicality. I found "Financial Times" rhymed sweetly with "white-collar crimes"; "Wall Street" with "making ends meet"; and "make a buck" with "why a duck" and "beginner's luck". But no luck for me.

The British entry that year was "Why Do I Always Get It Wrong?", sung by Live Report. In 1989, I failed to come up with anything at all. But rather than miss out, I proposed a duet with the highly fanciable Sonia, who sang Britain's entry that year - "Better The Devil You Know".

I may have been over-passionate in making my case to be allowed to sing with Sonia as I

was visited by the police. A magistrate's court then told me I was not allowed within 800 yards of her for the next three years. Chance would have been a fine thing.

This spring I used my honorary life membership (promised, but as yet undelivered) of the Hemstead Golf Club to stake a claim to represent Norway. I consider myself a serious songwriter (promising, but as yet unpublished) and I had heard the contest is taken terribly seriously in Scandinavia. My rejection letter included the words "flippant" and "singalong".

I have to say I was surprised, for I felt my lyrics had a tastefully Norwegian gravitas and

strait-lacedness about them. Verse two rattled along like this:

"We eat our lunch and we don't do drugs
"And we'd never be glue sniffers."

"We go to church and we all love God
"And we think Cliff Richard is triffers."

It might have lost some of its fluidity in translation but I was disappointed nonetheless.

Not for long, though, as it turned out. My application form was passed around Europe - it meant I was snubbed by Bosnia, cold-shouldered by Iceland, eschewed by Estonia. But when the form landed in Dublin, there

were sparks of interest.

Ireland has been careless enough to win the song contest four times in the past five years and, as the winner plays host the following year, its Eurovision budget is running out of venues, punts, pints and enthusiasm.

So I am seen as heaven-sent by a small underground coterie of Dublin song contest activists - musicians, politicians, the media elite - called Dublin Argues Never Again.

They have had me hopping between the capitals of Europe, inserting a middle eight here, a synthesiser solo there, a whoop and a twirl here and there. I carried detailed instructions of

what had to be done in which city.

So watch for the little side-skip by the horn section at the key-change. In the German entry; listen out for a subtle clapping interlude in the Belgian song; and prepare to swoon at the emotional climax of Greece's effort - it's pure "Danny Boy".

At last I have had a Eurovision part to play - the honing and polishing of all of Dublin's main rivals, adding a few of the finest ingredients from Ireland's secret winning formula. The Irish are determined someone else will suffer next year and there is no trusting to luck.

So this should be the best song contest in history. Those all-conquering songbirds, the Irish, have, through me, partly penned almost every song.

So, if any country other than Ireland wins at Dublin's Point Theatre tonight, I will count it as a huge personal triumph. It will have been a job well done - with me, at numero uno.

Metropolis

A road map of Indian politics

When the resurfacing of boulevards begins in Delhi a VIP crisis is not far behind, finds Mark Nicholson

The traffic along south Delhi's wide and leafy avenues has settled back to normal this past week or so - a little morning and tea-time bunching as India's civil service beeps and jostles to and from work. But only the occasional traffic jam.

Jams in south Delhi mean only one thing: a "VIP movement". Armed police appear at every manicured roundabout, men with walkie-talkies run around waving their arms, and all traffic halts to allow an Indian dignitary unimpeded passage.

Eventually the VIP sails past in a convoy of plump, cream Ambassador cars with flashing red lights, surrounded by Maruti Cypriotes full of uniformed men, also waving their arms about.

So it's back to normal for now. But, mysteriously, several weeks ago, the men from Delhi municipal council began resurfacing some of these broad boulevards, already the capital's best and thus the most splendid driving surfaces in all India.

Cynics thought it another example of India's elite pampering itself, paving the roads which link the glided Lutyens bungalows of India's top politicians while the rest of motoring India bumps along breaking its axes.

But no, Delhi, it appeared, was delving deep into centuries of political instinct honed under generations of Turkish and Afghan marauders, Moguls and pith-helmeted Britons. Delhi sniffed a political crisis: that south Delhi's sun-dappled avenues were about to be plied more furiously than ever by fleets of VIP-heavy Ambassadors, their protective Gypsies and, in pursuit, harried convoys of taxis, rickshaws and mini-vans carrying India's finest "scribes" and "lensmen", plus a few baffled foreign hacks.

If Delhi couldn't directly offer India's government a smooth ride, the 3,000-year-old city apparently decided it would at least provide its politicians with one.

And so, barely days after the tar had set, Sitaram Kesri, the octogenarian leader of the 111-year-old Congress party, decided to pull the plug on the 10-month-old United Front coalition government, to the surprise of everyone, including most of his own party. A political crisis. And in Delhi there is only one way to report on that: jump in the car and take to the boulevards.

A political crisis in Delhi means interminable talks. And that means dozens of trips by politicians to each other's bungalows. With the recent emergence of powerful regional politicians,



The will of a crisis: the sight of a fleet of Ambassadors and commandos in Delhi means political intrigue and a cat-and-mouse chase around the bungalows for journalists

it now means additional trips to Delhi's state guest-houses, battle cells of these new barons, which also sit amid south Delhi's neem and eucalyptus trees.

Altogether, it amounts to a lot of driving around, particularly given that the United Front comprised 13 separate political parties and that Congress was split into camps, each with its own bungalow headquarters.

With the politicians busy driving around meeting each other, the car becomes a reporter's primary tool. The best political intelligence is gained by stalking the boulevards in search of a big clutch of Ambassadors parked outside someone's residence or a state bhavan.

Calculating what is happening

grows easier with practice. Outside the United Front headquarters, beneath the neem trees at 7 Akbar Road, the presence of 50 Ambassadors and a white Mercedes ambulance would mean HD Deve Gowda was there - the former prime minister, still using the trappings of power. It would indicate a full steering committee meeting in progress, and interminable waiting for the journalist.

If there is no ambulance, just 20 Ambassadors, and only eight elite "black cat" commandos nursing machine-guns, rather than 12 or 16, it would be just a "core group" meeting of the Front. No decisions, no point waiting. More than 100 Congress party MPs in the garden of the canny Sharad Pawar's bungalow

would spell an incipient Congress rebellion: shin up the garden wall, ears pricked.

Such reporting also requires being conversant with the A-to-Z of Indian VIP security, especially for passing cars with tinted windows. For example, a pilot car, two escort vehicles and six "black cats" is "Z-plus", meaning a state chief minister, or maybe just a redoubtable old Congress grandee behind the Ambassador's pleated backseat curtains. A couple of khaki-clad policemen with carbines: merely "Z", probably just a minister.

It's all a draining endeavour. Happily though, there are long periods of down time which, during the recent crisis, were mostly passed on the back lawns of the

Front's white, colonnaded bungalow, waiting for the steering committee to decide something. Time to watch the parakeets, or a far-off plume of circling vultures.

Late into many a sun-drenched April afternoon and as many dusky nights, lollied India's top reporters on white plastic garden chairs. They sipped Pepsi ferried by streams of "bearers", swapped rumours and reminisced about the old days, when the great rural leaders would invite you into their bungalow for a slap-up tea, and afterwards take you to the lawns at the back to show off the pride of their pet cows.

The meeting would then break, to the sound of 100 flicking cell-phones and the crunch of broken plant pots beneath the swarm of

sharp-elbowed TV crews, like nails to a magnet around anyone in a pristine white cotton khadi, hallmark garb of Indian politicians since Mahatma Gandhi. Poor Pawar was left contemplating the shattered terracotta remnants of a once delightful pot plant garden on one occasion, and all for nothing. No Congress rebellion.

And so it went for three weeks, until the United Front managed to reconstitute itself under the urbane I.K. Gujral and it was back to our offices. Much of the thanks goes to Chandrababu Naidu, the Front's convener and the man delegated to burrow for a consensus within the disparate party over its new leader. He is the only politician in Delhi with a

Mercedes - a legacy of his predecessor, the late and legendary Telugu movie star, N.T. Rama Rao.

Naidu spent days shuttling between Delhi's bungalows and bungalows, talking to everyone in sight. Whether the Front chose him because he had the fastest car is unclear. But if he, too, drove around in a lumbering Ambassador, we would all probably still be there, watching fledgling parakeets learn to fly in the garden of 7 Akbar Road.

No one knows how long the new government will last. One good omen: Delhi council last week impounded all its smoke-spluttering asphalt machines on environmental grounds. But I, for one, will be calling the newscast at the first scent of fresh tar.

Arcadia

When the windmills tilt back

These old galleons are more likely to be making flour than being used as homes, says Clive Fewins

Windmills, those galleons of the English countryside, are showing signs of returning to full sail after decades of idleness and of neglect in the doldrums of unfashionableness.

Uneconomic, under-used, the English windmill has tended to find itself turned into a home, having been declared redundant and put up for sale as a development opportunity. But, ornate and charming, they do not make practical homes: stairs are far too numerous and conventional furniture is impossible to fit against curved walls - fashion before comfort.

Shakespeare's Hotspur clearly understood the inconvenience of windmill life when he said he would rather live in one than suffer the company of someone who drove him mad. But mill enthusiasts, the train-spotter of the countryside, detect a heartening trend away from converting mills into homes, which, to them, has been a desecration.

The most recent windmills to

be sold are back in service, having been commandeered by a new breed of "mad miller", selling flour in niche markets in distant cities and making a modest living.

Peter Lewis, 51 and happy to be called a mad miller, recently took early retirement as a highways engineer to speed progress on the restoration of his 1809 sandstone windmill at Asterley, near Shrewsbury, a work in progress since 1982. His aim is to start a new career as a miller in time for the millennium.

James Waterfield, 35, another bachelor, just about makes a living running the biggest working windmill in Britain, at Boston, Lincolnshire, in eastern England. "I can pay my bills, but I would not like to have to support a wife and family on the enterprise," he said.

Such heroics are applauded by the Society for the Protection of

Ancient Buildings, established by Will Morris in 1877 to protect old buildings from misguided alteration and the sin of over-restoration.

The society has a wind and watermills section with 800 members, of whom nearly 100 are active millers. The others play a support role - either helping restore mills or with the recording of former sites.

"Interest in mills is growing all the time. We have gained nearly 100 new members in the past year," said Mildred Cookson, vice-chairman of the group, one of two women to run watermills in England. "Watermills, like windmills, are far better used for the purpose for which they were intended, and a greater number of people are buying them both to live in and work in."

Whenever a working windmill comes on the market, such as one at Frant, East Sussex, which is



Mad millers: an English windmill has limited commercial prospects

for sale, the wind and watermills group campaigns for it to be bought as a going concern. Working a windmill can be a solitary and hectic existence, however. On a gusty day, things

can be very fraught, as Nigel Moon can testify. He can be working frantically for hours on end.

"I often compare it to sailing a great galleon single-handed," said Moon, who sells his flour to wholefood warehouses and bakers, mainly in central England. "It's exhausting, and a constant challenge."

Moon, 45, has just sold one windmill at Soham, Cambridgeshire, and moved to another at Whissendine, Rutland. He hopes it will provide him with an improvement on the subsistence existence he has led for the past 16 years.

While Moon and colleagues in the wind and watermills section work single-handed, even this is changing. Present-day millers are trying to make their buildings places to visit. Some mills are open throughout the year, offering teas and the

chance buy the flour that is produced there.

To further this process, windmills and watermills have taken part in an annual National Mills Day since 1987, on which they open to the public - if there is a National Doughnut Week and a Veggie Pledge Month, why not a Mills Day? This year's event, with about 200 taking part, is on Sunday, May 11.

"National Mills Day gives people another chance to experience the life of a working mill as well as to test some of its products - flours that produce bread that is far tastier than the mass-produced flour that comes from modern roller mills," said Waterfield.

Most of the mad millers are realistic about the limited commercial prospects, and pushed onward by the romance of working with the elements, and the fascination of restoring and tend-

ing the mill machinery.

Waterfield said: "I have loved mills and milling since I was a boy, and owned a mill since I was 20. The real fascination lies in the hypnotic effect of the machinery when it is in action."

"The building and the machinery - all hand-built by craftsmen - combine as a perfect entity. The miller is working inside the machine. It is all very visible."

In the middle of the last century, the flat land near Waterfield's 80ft Lincolnshire mill was studded with windmills. He says there were 14 in Boston alone.

"Nowadays I can climb out of the cap of my windmill on a clear day and see about a dozen stumps," he said. "With the present surge of enthusiasm, it is nice to think a few more of them might be returned to working order."

For details of National Mills Day contact Diana Smart at The Society for the Protection of Ancient Buildings (SPAB), 37 Spital Square, London E1 6DY (0171-377 1640).

Check the 1776 J. C. & Co. mill in Rutland, the 18th-century mill in Devon, and the 19th-century mill in Dorset.

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